

Nation's Business

SURVEY OF EXECUTIVES:

**THE WORST
IS OVER** PAGE 28



Virginia Knauer: What
she tells the President
about consumers



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A close look at the personal Rolls-Royce.

1. The personal Rolls-Royce is the Silver Shadow. The four-door sedan is the standard model. It costs \$20,700.

2. The seats are covered with English leather, eight hides to a car. Only one hide in 500 is selected.

3. The panelling is of rare Circassian walnut, cut from century-old trees.

4. Air conditioning is standard equipment. A split-level ventilating system lets you warm your feet and cool your face at the same time.

5. The driving seat adjusts eight ways at the touch of a button. The seatbacks, even the armrests, are adjustable.

6. All the tools (and the six spare light bulbs) are bedded in foam so they don't rattle.

7. Vigilant lights on the instrument panel monitor fuel and coolant levels, engine oil pressure and the twin power-brake circuits.

8. Lights in each door illuminate the ground as you step out, and warn oncoming traffic that a door is open.

9. Both rear seats have illuminated vanity mirrors. Ladies may check their appearance before emerging.

10. The cigarette lighters have illuminated sockets so you can replace them easily in the dark.

11. The power steering is light but not numb. It gives you a reassuring feel of the road. The transmission is automatic. The drive selector is electric; you move it with your fingertips.

12. There are disc brakes all around, operated by three separate hydraulic circuits. Auto-

matic levelling allows soft springs without the feeling that you are driving a double bed.

13. The engine is scrupulously balanced, bench-tested, and balanced again. It's almost perfectly silent, even at 100 mph.

14. The Silver Shadow Convertible is a limited edition. Only 50 cars will be available in America this year. \$31,600.

Suggested prices P.O.E., exclusive of local taxes, if any. Slightly higher in Alaska and Hawaii.
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For more information, fill in the coupon under the dealer listing on page 10 in this magazine, and send it to Mr. Lynn Perkins, Public Relations and Advertising Manager, Rolls-Royce Inc., Department 1077, Box 2707, Grand Central Station, New York, N.Y. 10017. Our catalogue costs two dollars. Our Owner's Manual, plus a catalogue, costs \$12.50.

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Cover photo: Yoichi Okamoto

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MEMO FROM THE EDITOR

Nation's Business
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You may already have read something about the results of our Business Outlook Survey in this issue.

Publications seldom tell their secrets to each other, but this time we made an exception.

At the time that 743 of you were sending in your forecasts, the question of what would happen to business was probably the major concern from Wall Street to the White House to Main Street. We felt the survey, which has proved extremely accurate over the years, was important and timely news. So we told the news media about it.

You may have seen or heard the news reports. But for the complete picture you will want to read the article beginning on page 28.

• • •

Another issue that's still high on the news list is welfare and the guaranteed annual income. Since our article a few months ago on the great welfare debate, we've received a great deal of mail (see "Letters," page 6).

One interesting contribution came from Bill Ringle, a correspondent for the Gannett News Service. He called our attention to an English experiment with the guaranteed annual income 175 years ago.

It was called the Speenhamland System, and, interestingly, everyone agrees it was a disaster.

The "Encyclopaedia Britannica" describes it as "a pernicious plan, for it unfairly transferred the burden of wages from the employers to the taxpayers, depressed wages and pauperized the laborers."

Like current proposals in the U. S., it provided a minimum income for the poor, irrespective of their

earnings. Economic historian Karl Polanyi says in his book "The Great Transformation":

"Although it took some time, the self-respect of the common man sank to the low point where he preferred poor relief (welfare) to wages."

Other results Mr. Polanyi cites were that workers lost interest in satisfying the boss because they'd get their income anyway, and that productivity went down to almost zero.

Finally, he concludes, the idea took hold that "aid-in-wages must be inherently vicious, since it miraculously injured even those who received it," and the law was repealed in 1834.

Karl

Guest editorialist

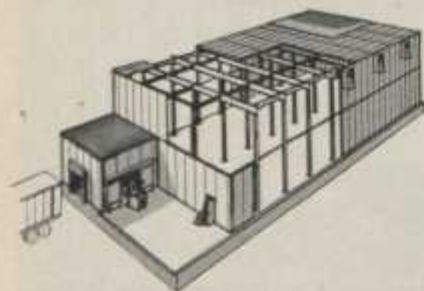


Being fairly modest, I seldom tout our editorials here. But I would like to recommend this month's on page 84. I didn't write it. It's from a speech by Walter B. Wriston, chairman of First National City Bank in New York. It seemed to me to say something of interest to all of us, so I asked permission to use it. I think you'll thank him for the thought, as I do.

Jack Woodbridge

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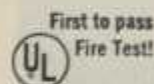
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LETTERS RELIEF FOR WELFARE HEADACHES

• I wish to congratulate you upon your excellent article, "The Great Welfare Debate" [April].

As chairman of the State Social Welfare Board of the State of California, I am constantly concerned with the lack of dialogue concerning the crucial welfare problems in our nation. Too few of us really understand the complexities of the welfare system.

Parenthetically, a number of us who have intensively reviewed the Nixon proposals are concerned as to the extent to which they advance the concept of a guaranteed income, as well as federalization of the welfare system. Although the present system administered by county or city government leaves much to be desired, a federal program would not necessarily cure these ills, but only remove the policy and regulation development from the communities to Washington.

Observers of the welfare picture are not convinced that this would work a benefit for the recipients.

ROBERT E. MITCHELL
Attorney at Law
Norwalk, Calif.

• I myself was a product of welfare when I was a child. Our father passed away and left my mother with seven mouths to feed and clothe. I remember I was sent to the welfare

office to ask for a \$10 grocery order. It was given to me but there was a social worker there the next day to see if there was food in the house and the money had been used for the purpose I had cited.

I know there are a lot of people who need help, but there are a lot who just want to see what they can get for nothing. I have been working with the public for years. A lot of them have asked, "Why should I work when I can go on welfare and get it for nothing?" I do not believe in giving a fixed income to families for this reason.

As long as they can get it, I mean the ones who can get out and work, they are not going to try to help themselves. I believe everyone who asks for help should be investigated right down the line and after the help is given should be followed as we were years ago.

Welfare has gotten out of hand because it has been too easy.

MARY E. BLAKELY
President
Blakely Boat Co., Inc.
Danvers, Mass.

Power to destroy

• I certainly concur with some of the thoughts expressed by Charles A. Cerami in his article, "New Gold Crisis?" [May].

We must remember that the func-

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tion of a good government is to protect and encourage self-reliance in man and to keep open all avenues for the development of individuals. A government bureaucracy is a force of such power that self-reliance of men withers and has a tendency to die.

Irredeemable currency, together with a large government bureaucracy, are companions that have the power to destroy a nation.

These are elements that we, the American people, must be cognizant of. They can become a dangerous threat to our nation's welfare.

DON B. HANKS
Vice President
The Midland National Bank
Midland, Tex.

• The writer states, "But our inflation rate is well above Europe's average, and our labor unions show no sign of permitting us to become more competitive."

I am not convinced that labor unions are solely responsible for rising inflation as implied in this

statement. This is just too simple an answer to such a complex problem.

THOMAS L. JONES
Morgantown, La.

Impact on exporters

• Numerous articles have been written recently about the revolution in ocean shipping and the Administration's merchant marine program. Your article in the May issue ["A Dramatic Change in Course for Shipping"] is the first I have read that considers the user's position in relationship to these changes, and thus the economic impact on the role of the exporter. It is a very good article—well written, well thought out and accurate.

L. A. BENEHAN
Export and Marine
Services
International Paper Co.
New York, N. Y.

Dissent on dissenters

• I would commend Yoichi Okamoto for the degree of excellence attained in the cover photo [May]. However, I find it, in connection with the article

titled "How Students See You Now," extremely repulsive, generally degrading to the millions of fine college students and most certainly not representative of those at most of the colleges and universities in our nation.

Those people who demand their rights to write and say as they wish under the Constitution of the United States should also be willing to accept the responsibility of holding to a true, direct line of speaking and writing and of not being insipid, nebulous and diversionary.

DON REYNOLDS
Vice President
Del State Bank
Del City, Okla.

• The cover does not represent, in my opinion, the student of today but a minority of radicals who do not care for their country or appearance. I personally know hundreds of college students whose appearance would be more acceptable than this.

CHARLES BRINKLEY
President
Northwest National Bank
Ft. Worth, Texas

• Your article expresses my own observations and I am hopeful that more of my business-type associates will get the message. Unfortunately, we often criticize students for the very things we are unable or unwilling to do.

PAUL YELAVICH JR.
Associate Personnel Director
The Prudential Insurance Co. of America
Newark, N. J.

• You reported widespread hostility toward business and capitalism, but I don't think you delved deeply enough into the causes of the hostility.

The primitive Marxian analysis of the system offered us by spokesmen for the so-called New Left certainly doesn't win converts by virtue of its rational consistency. It is appealing because most students have been softened up by high school courses that taught them success is the result of exploitation.

I think also that young people often accept the radical analysis because it is rarely and inadequately put down by members of the business community itself. Too many businessmen appear to be ashamed of the fact that they are successful. They should stop apologizing for themselves and the system and tell their detractors that capitalism is the greatest provider and most humanitarian system yet devised.

DAVID A. KEENE
Chairman
Young Americans for Freedom
Washington, D. C.

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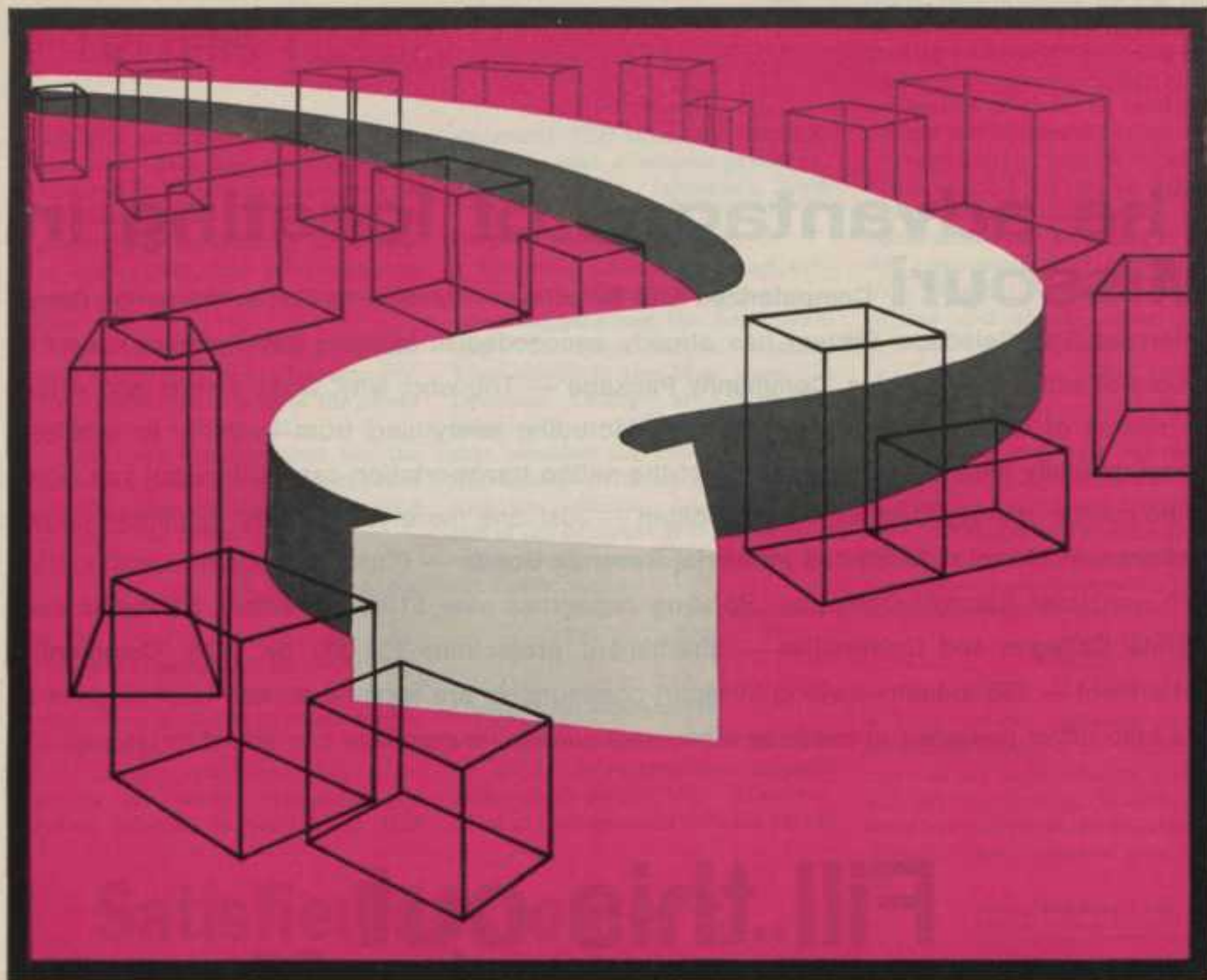
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EXECUTIVE TRENDS

BY JOHN COSTELLO

Associate Editor

Executive guide to giving

"Americans still give till it hurts," one fund raiser comments.

"But their threshold of pain is lower."

Latest statistics from the American Association of Fund-Raising Counsel, Inc., bear that out.

In 1968, Americans who itemized deductions on their federal income tax returns gave, on the average, \$281 to charity. That was 3.04 per cent of their adjusted gross income.

In 1966, they gave an average of \$319—or 3.13 per cent, the Association reports.

What about giving to local charities, like United Fund or Community Chest?

Here are some figures on management gifts to the United Appeal of Greater Cleveland, compiled by the Federal Reserve Bank there.

Gross income	Most generous 20 per cent
\$15,000	\$ 203
16,000	223
17,000	248
18,000	279
19,000	284
20,000	318
21,000	335
22,000	358
23,000	370
24,000	386
25,000	470
30,000	679
39,000	830
45,000	1,083
50,000	1,292
55,000	1,491
60,000	1,627
65,000	1,902
70,000	2,048

The United Community Funds and Councils of America has a suggested schedule for annual executive gifts to "united way" campaigns. For those with an annual income of \$10,000 to

- Charting charity
- It's easy go in EDP
- Handwriting wrongs
- The Corps score

\$12,000, 1 to 1.25 per cent; \$12,000 to \$15,000, 1.25 to 1.50 per cent; \$15,000 to \$20,000, 1.5 to 2 per cent; \$20,000 to \$30,000, 2 to 3 per cent; \$30,000-plus, 3 per cent or more.

"Many individuals give far more than the average," New York Life Insurance Co.'s pamphlet, "Charity and the Family Budget," points out.

For example, it adds, some church members give one tenth of their income to their churches.

Hard to get—and harder to keep

It's said to be the age of the mobile executive.

And the rolling stone of all may be the data processor.

The Diebold Group, Inc., in a recent study, came up with some eye-popping statistics. It surveyed some 500 firms. More than half say they lose, every year, 20 per cent of their college educated systems analysts.

Turnover is high for all EDP personnel. But sheepskins give them real momentum. The rate for college graduates is as much as 50 per cent higher than that for EDP personnel without degrees.

Only money really holds the grads, the Diebold Group reports.

"To be effective," it adds, "the wage level should ride the crest of the wage spiral." By that it means wages should be at least high enough so that only "10 per cent of the companies in the area are paying more."

For noncollege EDP personnel, formal in-house training is a big lure. It can cut their turnover in half, the study says.

They "seem to view their work as a semiprofession in which they will remain."

College educated personnel, particularly highly skilled systems analysts, "are more likely to consider EDP as

an interim step to a line management position."

Wage levels have "soared as much as 16.5 per cent over 1969," Robert Half, president, Robert Half Personnel Agencies, Inc., says. Here, his firm reports, are current wage levels, based on job orders placed with it, for large installations.

	Annual Salary
Programmer-Jr. (Experienced)	\$10,000-\$13,000
Programmer- Analyst	13,000- 15,000
Programmer— Lead or Sr.	15,000- 19,000
Systems Analyst	13,000- 15,000
Systems Analyst— Mgr.	16,000- 19,000
Operations Mgr.	12,000- 18,000
Mgr., Data Processing	20,000- 40,000

Add 11 per cent, for an undergraduate degree, 13 for a graduate degree—plus another 10 per cent if the job involves much travel.

It's a case of the old law of supply and demand, authorities point out. Thomas C. White, public information director, the American Federation of Information Processing Societies, notes that U. S. colleges may turn out 30,000 to 40,000 computer-trained graduates a year during the Seventies.

"But even that won't solve the manpower problem," he warns.

"Private EDP schools could help fill the gap. But there are no widely accepted educational standards or accrediting procedures that cover their programs."

You can get directories that list some private EDP schools—accredited by the issuing association.

Here are three groups, all in Washington, D. C., that publish such directories:

National Home Study Council, National Association of Trade and Technical Schools and the United Business Schools Association.

The cost of poor penmanship

To business, it's about \$100 million a year. That's what the Handwriting Foundation estimates, says Executive Vice President Frank King.

The most expensive errors include billing boo-boos, tax mix-ups, mis-

routed mail and misread instructions.

For example, last year, 36 million letters wound up in dead letter offices. A lot of them landed there because of sloppy or illegible handwriting.

They contained more than \$325,000 in cash. Only a third of it could be returned to the sender.

"Business mistakes can be very costly," says Mr. King.

"For example, the heating firm that delivered an order to the wrong street address. By pure bad luck, the driver found an intake pipe that was disconnected.

"He pumped maybe 100 gallons through it—onto the basement floor.

"And department stores often have to take back parcels delivered to the wrong home. Why? Because an employee wrote an incorrect—or illegible—street address.

"It's harder to put a dollar value on errors committed because of a boss's hastily scribbled note. But they can cause costly wheel-spinning, or worse."

One large department store ordered sleepers with grippers. The buyer, whose penmanship was not of the best, was dismayed when the shipment arrived. He got slippers with zippers.

Here's one way to spot-check your own penmanship, the Foundation says.

Take an index card and cut a hole big enough to show one letter or number at a time. Put it over something you've written recently. If you can read the single letter that shows, your script's O.K.

"The acid test is a look at letters like a, e, r and t, and numbers like 0, 2 and 5," the Foundation says.

How that credit law works

Still have customers—or employees—confused about the Truth in Lending law?

It's a year old this month.

Still, many borrowers don't dig it, some credit men say.

In fact, they add, consumers often couldn't care less about the information it requires lenders to give them.

Yet, the paper work it causes costs plenty, Vice President J. L. Holloway of Alabama's First National Bank of Birmingham points out in a recent issue of *The Credit World*. And it

makes some borrowers mad, because processing loans takes longer.

The National Foundation for Consumer Credit, Inc., has a handy pamphlet that may help solve the problem. It explains the law—in laymen's language.

It tells how John and Sally Baker discovered what it costs to use open-end credit at their department store. Also, how Vince and Rene White learned about disclosure statements when they made a loan to finance a camping trip.

The pamphlet, "The Consumer and Truth in Lending" (\$35 per 1,000), should clear up consumers' confusion.

Learning the score on the Peace Corps

Remember when it used to be called the Kiddie Corps?

Well, the Peace Corps has outlived that derogatory nickname. But it still has—in some quarters—the reputation of being a refuge of the egg-head and the dilettante.

"Tain't so, the agency says.

"We have more than 476 volunteers who are involved in business or business-related programs," a spokesman says. "That includes economists, accountants and city planners.

"Plus a good number of M.B.A.'s—like the 24 in Peru. They have helped lemon packers, bottle makers, cement manufacturers and other businessmen with accounting, marketing and financial problems.

"Others have worked in Colombia, Turkey, and even the Ivory Coast."

Some retired business executives lend the agency their talents, too.

"We have use for men and women of all skills—and all ages," it says.

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PANORAMA

of the nation's business

BY VERNON LOUVIERE
Associate Editor

Making It Easier to Make a Move

When Weston E. Edwards left his expectant wife, nine children and 17-room house in New York to take a new job in Los Angeles, not the least of his problems was disposing of the house and buying another in time for the children to enter school.

Eight difficult and expensive months later—during which time his harassed wife almost gave birth to their tenth child aboard a Los Angeles-bound plane—the New York house was sold and the Edwardses were finally settled in their new home.

Sometime later Mr. Edwards became president of TI Home Transfer Service Corp., one of a half-dozen such companies established during recent years to help ease the corporate employee transfer problem. TI buys an employee's present home, helps him find a new one, makes available mortgage financing for both and handles the myriad of other details involved when an employee is transferred.

Most big companies whose execu-

tive help is being constantly shifted from city to city are experiencing an alarming increase in the number of employees who refuse to accept job transfers. The reason is almost always the same: Having to sell one home, frequently at a loss, and buy another.

Mr. Edwards estimates that 250,000 corporate employees are transferred each year and another 150,000 new employees have to be moved. With two homes per transfer involved, this is costing the employer

and/or the employee about \$750 million a year.

A number of companies will buy an employee's home if he can't sell it on his own, and help him acquire another, but most are reluctant to involve themselves. They simply don't want to get into the real estate business.

As a consequence, says Mr. Edwards, more and more employees, confronted with a transfer, say to the boss, "I'd rather quit than switch."



An executive can feel left out in the cold if a transfer requires him to sell his home and buy one elsewhere.

Soaking up Law at Leisure

Push-button law has come upon the scene to help lawyers and others keep up with the staggering volume of new legal developments in this country.

Practicing Law Institute, largest center of continuing legal education in the United States, has licensed Condyne, Inc., of New York, to produce condensations of PLI-sponsored seminars on hour-long cassette "law tapes," using professional actors' voices.

Last year, more than 200 PLI seminars were attended by some

35,000 lawyers and featured some of the top figures in many legal fields. PLI is a nonprofit organization with some 22,000 members.

"Continuing legal education offers us the opportunity to try new techniques and methods to reach lawyers effectively—not only in keeping them current, but in dealing with the far greater problems of creating higher skills and training for specialization," says E. Donald Shapiro, head of the Institute.

"The tapes do away with note-taking and provide a means of rehearsing a lecture whenever an attorney finds time to listen—in his home or office, or while driving his car. Another advantage is that the tapes

will lighten an attorney's reading load, which each day becomes more imposing."

One recent "law tape," for example, is titled "Protecting the Corporate Officer and Director From Liability" and discusses the increasing vulnerability of these men to lawsuits involving stock transactions, acquisitions, mergers and other financial dealings.

Eight hours of discussion are on tape to explain the vastly complicated Tax Reform Act of 1969 and deal in depth with such items as pension plans, foundations and deferred compensation as they are affected by the new law.

continued on next page

An "Emmy" for an Annual Meeting?

Given the right audience, even a corporate annual meeting can compete on television with a Lucille Ball or a "Mission Impossible."

Eastman Kodak Co. demonstrated this recently when it hosted a live telecast in which viewers in and around Rochester, N. Y., its home base, were invited to call in questions concerning company operations.

The hour-long program followed Kodak's annual meeting that day in Flemington, N. J., where such gatherings have been held since the company was incorporated there in the 1880's.

Nearly 1,500 questions were received in the TV studios during the program and telephone monitoring equipment calculated that close to 13,000 other calls could not be completed because of busy lines.

Purpose of the program was to reach upstate New York share owners—Kodak has about 43,000 in Rochester alone—and other residents and give them a chance to participate in an official Kodak event.

"We decided on the televised supplement to the annual meeting be-



Eastman Kodak Co. officials report to stockholders in a unique television program following corporate annual meeting.

cause the company plays a vital role in the western New York area," says Kodak Chairman Louis K. Eilers. "Too often, local share owners and the general public see only a few aspects of the company."

There is no question of the interest generated by the unusual TV presentation. A preliminary survey by an independent research bureau indicated that more than 28 per cent of local households were tuned in on the show.

About 60 questions were answered during the show. Thousands of callers whose queries could not be answered on the air were asked to mail them

in, and Kodak has since replied to all of these, too.

The range of questions showed deep interest in the operations of Rochester's largest employer.

Inquiries concerning pollution and pollution control were the most frequent. Next were questions from retirees worried about inflation. In an on-the-air reply, Mr. Eilers disclosed Kodak was boosting annuity payments by 2 per cent for each year of retirement.

An eight-year-old boy wanted to know, "What does a company president do?" Mr. Eilers took time to give him a rundown.

Students Flunk at New Ideas

During the past school year an eye-catching ad, appearing in some 50 college newspapers, proclaimed: "Immediate Venture Capital Available For New Businesses."

The ad went on to explain, "We are looking for graduate students who have sound ideas for new products or services."

Globus, Inc., a New York firm of underwriters and investment bankers, did not find the mother lode of new ideas or new talent it was seeking. Ronald Globus, 25, son of the firm's founder, explains:

"We did get from 30 to 50 replies each week but we didn't come

across a single project we considered worthy of financing."

No ideas were particularly new. Some students wanted to build gas stations or start food franchises. In fact, what many students regarded as "new businesses" are in reality old businesses.

By contrast, the firm's founder, Morton Globus, has been able to help launch a number of successful new ventures by directing advertising toward a more mature audience. He is now underwriting a Chicago public relations firm, a New York stockbroker and a Philadelphia mail order firm.

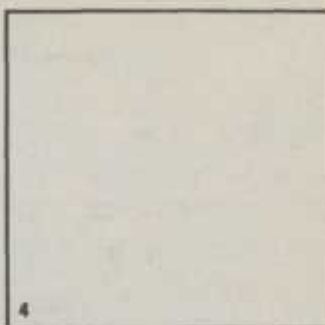
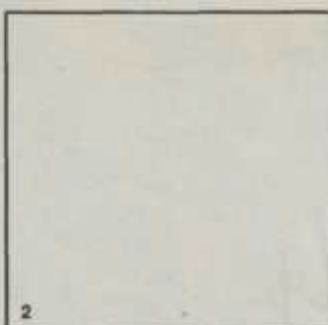
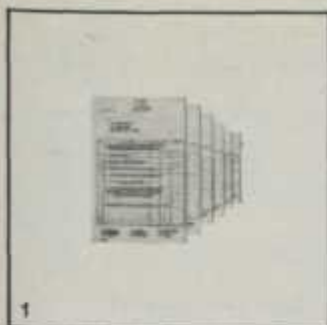
"We concentrate on involving ourselves in fledgling companies," says the younger Mr. Globus. "The campaign on the college campus was

disappointing. But we're not giving up on the college market yet."

Surveys by the firm show many extremely promising college students shy away from working for the corporate giants and prefer instead to go into business on their own.

Young Globus, a graduate of Stevens Institute of Technology, himself worked for a major corporation for two years and says it turned him off completely.

"It's complete frustration," he reports. "They will assign you to a particular job for two or three years and there you wait, no matter how much talent you may have. For that reason, a lot of students with great ability shun corporate employment. These are the people we're trying to reach."



We have the missing pieces of your billing system.

If you didn't know anything was missing, that's because you don't do the billing yourself.

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A Pitney-Bowes 5600 Postage Meter Machine to seal your envelopes, meter stamp them with proper postage—even print a little ad on the envelope if you like—all automatically.

Right now it probably takes your secretary close to half an hour to get 10 bills out.

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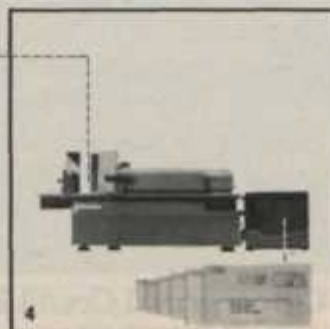
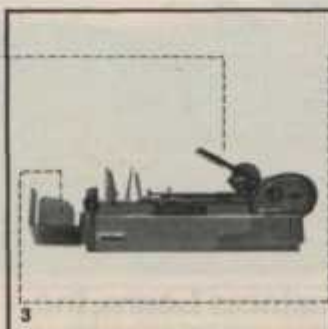
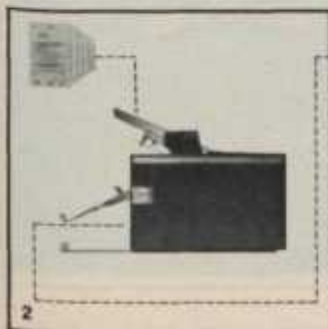
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SOUND OFF TO THE EDITOR

SHOULD STORES SELL ON SUNDAY?

Time was, about all that gathered in a store of a Sunday was dust. Nowadays, it's apt to be customers.

A trend toward selling on the Sabbath began with the auto, which made Americans more mobile—and produced a Sunday market for such necessities as gasoline.

For years, though, necessities and a limited number of other items were all you could buy on Sundays in most places. Merchants stayed closed, by choice or by law.

Then, discount stores appeared and began opening on Sundays where the law allowed. And drug stores, already open, branched out into new types of wares.

Now, many long-established department stores do business seven days a week, if they can legally do so.

There's a hodgepodge of legal standards.

"Blue" (meaning puritanical) laws go back to early New England, when straitlaced colonists banned not

only commerce on the Sabbath, but most forms of recreation.

Today's laws, generally, are far less restrictive. Their main target is selling in stores, and they typically exempt "works of charity or necessity" or—if of more recent vintage—try to spell that out and list what can be sold.

But a number of states, mostly in the West, have no blue laws, and others have them only in certain areas. And frequently, what laws exist are enforced sporadically, if at all.

The Supreme Court in 1961 upheld the constitutionality of Sunday blue laws, and last April ruled a state could have a law requiring stores which stay open on Sundays to shut down on Saturdays.

Blue laws have had some tough times in state courts, though, generally because of vagueness. And their opponents have cited such incongruities as the arrest of a store

Santa Claus, or a ban on sale of table radios but not of portable radios, or permission to sell beer, but not milk.

Those who favor Sunday selling say many customers want or even need it, as more Americans moonlight or work overtime to keep up with living costs.

Times have changed, they observe, and they cite the fun and games which long have intruded on the Lord's day.

Those on the other side point to the evening store hours which already make it more convenient for workers to shop, and say Sunday openings are an unnecessary incursion into the Sabbath's religious character. They argue an official day of rest is needed for human well-being.

And they add that if more stores open on Sunday, living costs will rise along with retailers' expenses.

Should stores sell on Sunday? And if so, what should they be allowed to sell?

Jack Wooldridge, Editor
Nation's Business
1615 H Street N.W.
Washington, D.C. 20006

Should stores sell on Sunday?

☐ Yes ☐ No

Comments:.....
.....
.....
.....
.....
.....

Name and title.....

Company.....

SOUND OFF RESPONSE

NEVER RESETTING THE CLOCK

Many Americans take a dark view of off-again, on-again daylight saving time, judging by sentiments expressed on last month's "Sound Off to the Editor" issue.

The margin wasn't wide, but most readers came out in favor of setting clocks an hour ahead year-round, instead of for just six months.

"Time is relative," wrote F. A. Yaeger, who is manager, technical publications, ITT Telecommunications, Jackson, Tenn. "A large segment of our population works an eight-hour day and maintains homes in the evening; thus, daylight saving time has many advantages, winter and summer. And the confusion of changing clocks should be eliminated."

Hans Gehrig, marketing manager, Caterpillar Tractor Co., Peoria, Ill., gave a number of reasons: "More opportunity for daylight leisure activity; evening rush hour traffic in daylight; elimination of costs of readjustments of schedules; less difference from Europe, leading to expanded business communication with Europeans during work hours."

R. M. Shrosbree, president, Pacific Shores Insurance Agency, San Diego, Calif., also cited evening rush hours—he foresaw fewer accidents—and added: "The possibility of a lower crime rate is sufficient inducement for me to vote 'Yes.'"

Howard Bernstein, president, Atlas Material Handling Equipment Center, Schiller Park, Ill., said it in four words: "Let there be light."

Among those who answered "No" to the question "Should we have year-round daylight saving time?" some readers simply opted for the status quo, others said they wanted less—not more—"fast time" and some said they wanted none of it.

Alan W. Newman, secretary-treasurer, Peter Healey Brass Foundry, Inc., Evansville, Ind., argued that the existing system is "reasonable

and equitable" and added: "With so many things dividing our country today, an acceptable compromise on a divisive issue is something to be treasured."

Wrote H. C. Thomson, publisher, *The Delaware Gazette*, Delaware, Ohio: "Daylight time should be three months—June, July and August. It runs far too long at present."

Said Mrs. A. J. Martin, A. J. Martin Marble Works, Vicksburg, Miss.: "We shouldn't have it at all. We now have a 40-hour work week, and more holidays than ever before, which gives everybody plenty of time for anything they want to do."

A medical case for year-round daylight saving came from David H. Steninger, M. D., of Camarillo, Calif. "The nation's population is now overwhelmingly urban and for these citizens daylight saving time allows evening outdoor activities and recreation so vital to our mental and physical health," he wrote. "Why should all the daylight hours be spent at your job? Let's get the breadwinner home before sundown!"

And from New York, E. H. Walworth, president, William Zinsser & Co., Inc., argued 12-month "fast time" would be healthy for electrical utilities. "Perhaps," he said, "it would reduce chance of 'brownouts' during the summer; and have an anti-inflationary effect because utilities could stretch out need for enlarging capacity (thereby stretching out financing) and reduce pressure on coal supplies."

David C. Egan, executive secretary of the Greater Milwaukee Auto Trades Association in Milwaukee, Wisc., said the change would be healthy for families: "Delinquency would decrease because of increased family 'together time.'"

On the other hand, a physician from Cleveland, Tenn., prescribed abolition of all "fast time." Dr. Clyde

A. Kyle Jr. said: "It benefits golfers and fishermen but it is hard on school children and working people."

Said Thomas P. Moore, manager, radio station WBCO, Bucyrus, Ohio: "I am against daylight saving time at any time. Let those who wish to begin work an hour earlier reset their alarms. This ponderous overload of laws and regulations isn't needed in the field of time."

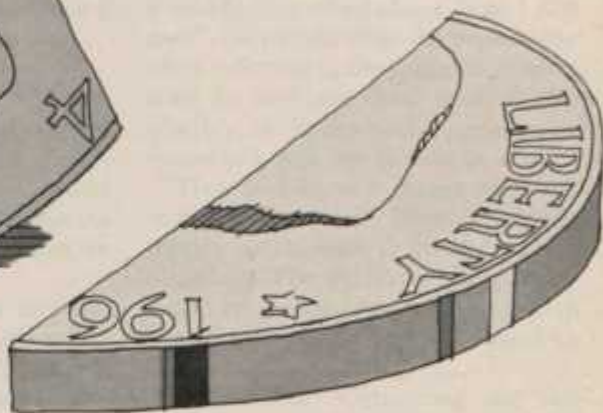
Samuel P. Adams, vice president, The Lincoln National Life Insurance Co., Ft. Wayne, Ind., favored daylight saving time for a four-to-six-month period only, and registered a complaint about the time zoning for his own state. Indiana, he noted, is "almost entirely in the Eastern Zone, though why any part of it should be I'll never understand." Mr. Adams argued that Indiana should be in the Central Zone, and said that if it isn't, "Eastern daylight time the year-round would be completely absurd. There would be a period when the sun would not come up until after 9 a.m."

Another Indianan, Mavourneen Harshman, assistant secretary, Rock Island Refining Corp., Indianapolis, blamed Indiana's time zoning on "the big Eastern syndicate" and said "constant exposure to this gap from the natural daylight-darkness periods will make us all a bunch of idiots, as the mad, mad people on the Eastern Seaboard are now."

A number of readers said they wanted to keep daylight saving time for part of the year only—and change the part. Said Jerry E. Weldon of the Southern Natural Gas Co., Birmingham, Ala.: "We should have it only in winter. Summer days have plenty of daylight."

B. P. Martin, of Honeywell, Inc., in Atlanta, Ga., summed up for still another school of thought. "I'm sorry," he wrote, "but it makes absolutely no difference."

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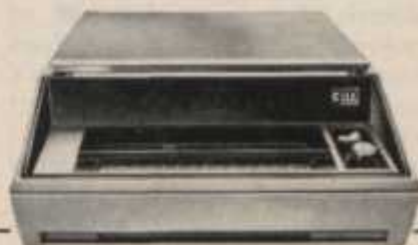
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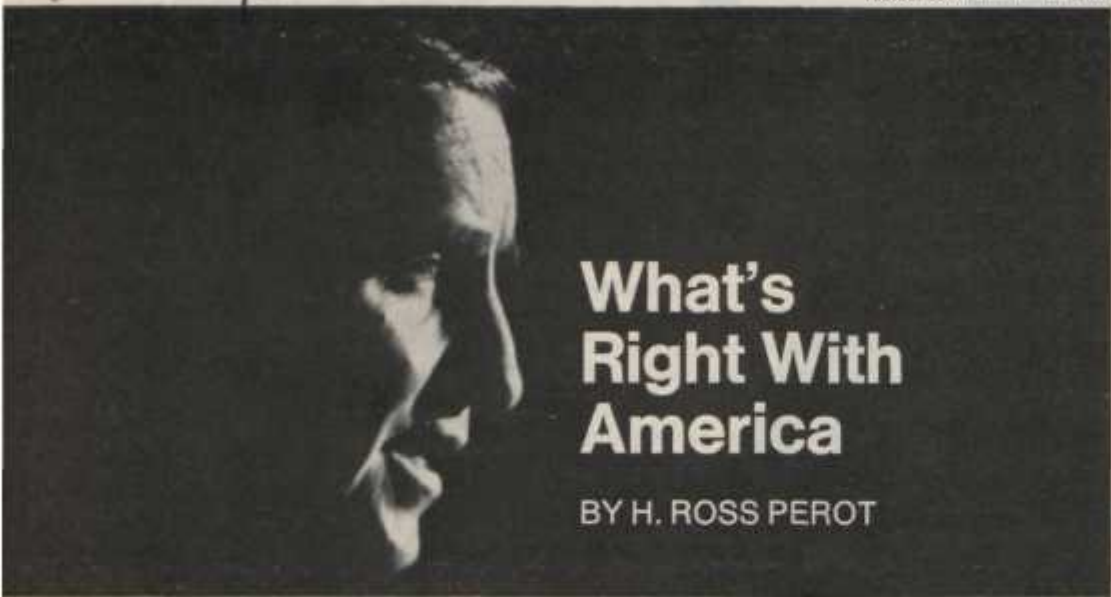
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PHOTO: DENNIS BRACK—BLACK STAR



What's Right With America

BY H. ROSS PEROT

Mr. Perot, who heads an organization he calls United We Stand, took two chartered jets carrying Christmas dinners and other supplies for U. S. POW's to Asia last December. Holiday bows were painted on the planes.

In spite of the cacophonous criticism of the "system" these days, you don't really have to look far for examples of what's right with America. The opportunity that makes careers such as H. Ross Perot's possible is one of them, obviously.

A Texarkana, Tex., cotton broker's son whose first experience as a businessman involved breaking horses at \$1 a head (at age seven), Ross Perot founded Electronic Data Systems Corp. in Dallas with \$1,000 of his savings in 1962. EDS profits have doubled every year since then, and his net worth today (he's just turned 40) is in the many millions, even after a stock price nose dive.

Mr. Perot, an energetic, articulate philanthropist who preaches that more

Americans must become involved in public affairs, has been particularly concerned about freeing, or at least helping, U. S. prisoners in North Viet Nam. At one point he offered, in vain, to ransom them. At Christmastime he tried to bring supplies to them, but got no closer than Laos. To show sincerity, at Eastertime he visited POW camps in South Viet Nam and tried to pass on to Hanoi information about the well-being of its captured men. He was rebuffed again, but he's still trying to help our POW's.

When NATION'S BUSINESS asked Mr. Perot to write for it on the theme headlined here, he took pencil in hand while on a business trip, and produced this article.





John

The greatest thing about America is that its people are free.

The concept of freedom has a new, special meaning for me, after having visited refugee camps in Laos. Like most Americans, I just assumed freedom was my birthright and did not think much about it until I talked with the refugees in Laos and saw the awful sacrifices these primitive, illiterate, tribal people were willing to make to be free—to protect their families and keep them together.

I asked every refugee I talked with, "Why did you flee the North Vietnamese?" I had read that the refugees were fleeing the bombing. I was unable to find a single refugee who was doing so.

The refugees in Laos flee the North Vietnamese to keep them from impressing the boys and men as slaves to carry goods down the Ho Chi Minh Trail. They flee to keep them from sending the girls and women to North Viet Nam into other forms of slavery. Freedom assumes a new dimension when you learn of the absolute brutality of North Viet Nam in dealing with these people.

The next time you read about the North Vietnamese taking another village in Laos or pursuing refugee groups through the jungles, realize that they are simply capturing slaves. As you sit comfortably in your home, surrounded by your family, try to picture yourself and your family fleeing through dense jungle, trying to run ahead of the North Vietnamese, knowing that if you are overtaken your family will be broken up, put into bondage and lost.

That does not happen in America, but it is happening every day throughout the world in cultures where human life is subjugated to national goals.

The American society's concept of concern for others is another thing that is right about America.

"The Beautiful Americans"

One of my finest experiences has been meeting the "Beautiful Americans" scattered all over the world who have dedicated their lives to helping people less fortunate than we are.

Some of these people are missionaries in the classic sense. Others are carrying out missions of medicine, education, agriculture and construction, just to name a few. I wish every American could get to know these people as I have, and could actually watch them working to help others. What other society has ever produced selfless people in such great numbers?

What other government or culture would want to—or could—produce men willing to fly, day after day, into North Vietnamese antiaircraft fire, to drop rice—not bombs—to Laotians fleeing the North Vietnamese?

Only America produces men like that. These pilots who risk their lives daily to bring food to helpless people are missionaries of the air, willing to face death to keep life and freedom alive among people who can offer them nothing in return.

What other nation in the history of man has produced men willing to fly

through North Vietnamese gunfire, land on dirt strips and absorb gunfire while on the ground, to pick up plane-loads of Laotian refugees about to be captured by North Viet Nam—to rescue them from slavery? This is happening every day in Laos.

Cynics might ask, "What is in it for us?" The answer—nothing but preserving the lives and freedom of a very primitive people. Our country produces men and women who will risk and give their lives to help others. What other nation can claim that?

When my group went to Southeast Asia in an effort to aid American prisoners in North Viet Nam, the most difficult thing for the North Vietnamese to understand in dealing with us was that any private citizen could be free to do the things we were doing. Having the freedom to do such things was far more impressive to them than having the economic resources.

The paramount importance of the individual, the uniqueness and preciousness of each life in our country, is a great American strength. The North Vietnamese just cannot understand why anyone, particularly a capitalist, would be concerned about "just 1,500 men"—a phrase they use repeatedly when referring to the prisoners. I have tried to convince them that, in our country, the entire nation can become concerned over one person in need.

They just cannot accept this, because in North Viet Nam people are merely instruments to further national policy. The individual is subordinated to the national goals of North Viet Nam—he is a tool to be used by the state.

The North Vietnamese see our country as "inherently weak," because the people select the leaders, and the leaders are the servants, not the masters, of the people. North Viet Nam feels that having the people determine the future is a great weakness. I feel that this is one of our greatest strengths.

It is great to live in a country where the government can be changed by its people to adapt to changing conditions. It is difficult for the North Vietnamese, or any other closed society, even to comprehend that concept.

Speaking of closed societies, after having seen them, I have an even deeper appreciation for our open society. The North Vietnamese do not understand the concept of public opinion, since there is no public opinion in North Viet Nam—only the offi-

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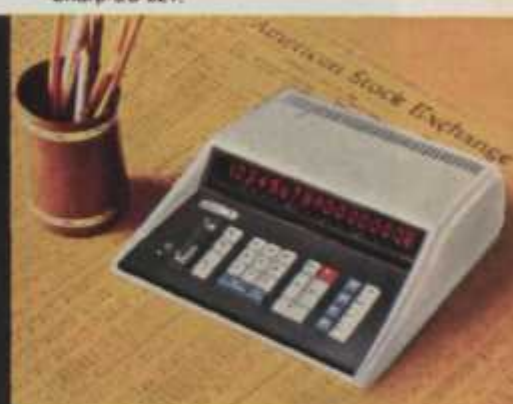
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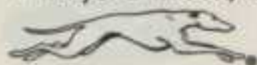
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What's Right With America *continued*

cial position. Dissent is not tolerated. There are no demonstrations in North Viet Nam.

An exchange of differing views, and respect for another's position on an issue, are basic to our society. I was amazed to learn that the North Vietnamese could not argue. They would take the official position but become ineffective when asked, "What is your reasoning behind this position?" There was no reasoning. It was policy—not to be questioned or debated, just carried out. Contrast that to our society.

Practical dreamers

It is great to bring up a family in a nation where each person decides what type of work he will do, where he will live and what his goals are. In our country, one person can move mountains. We have a nation that provides a climate that produces practical dreamers—men and women who have great dreams and the desires, discipline, capacity and freedom to make these dreams materialize.

Compare that to societies that are indoctrinating children instead of educating them. The children are trained to be loyal to the state—not the family. The child's life is planned for him by the state. The child may want to be a composer, but the state needs scientists, so he becomes a scientist.

This is a more subtle form of slavery than that imposed on the Laotians, but nevertheless, it is slavery.

Take a minute; think about your children. Would you want some bureaucrat, armed with aptitude tests and national manpower quotas, determining your child's fate? That is another thing that is right with America.

You have probably noticed I have not mentioned that we provide our people with a standard of living that is unique in the world, and in the history of man. I have not pointed out that persons living in poverty in this country would be upper-middle-class in most of the world. I have not boasted about our highways, schools, medicine, industry and technological prowess.

I have confined myself to the real American Dream, the one the Pilgrims had—the dream of freedom.

True riches

When we boast that America is the richest nation on earth, we should only be boasting of our true riches—our freedom, our people and our concern for others.

In this article, I have limited my examples to personal experiences of recent months. If I were to include all the pertinent examples from just my personal experiences, this article would become an encyclopedia. The neighbors, friends, teachers, children's organization leaders, Sunday school teachers, businessmen, policemen, firemen, military and religious leaders and elected officials who touch our lives and build our nation are in-

tertwined in a magnificent web that represents the strongest society ever devised by man. It is bound together with powerful glue—concern for one another and a dedication to building an even better nation and world.

I would like to describe my own American Dream to you. I dream of an America that has a strong family unit and deep religious conviction in each home. I dream of an America made up of families who have a great sense of destiny for their nation, and a deep, unabashed love for it. I dream of these families developing great men and women, who will have the wisdom to manage our vast resources and technology, and direct them toward the best interests of our nation and the world.

These families will produce leaders who are honest, intelligent, disciplined and concerned enough to melt away the problems facing us today. They will keep us free.

I plan to spend the rest of my life as a private citizen and a practical dreamer, working to make that dream materialize. Only in America could a private citizen have such a dream, and the freedom to direct his energies toward it.

Each generation's challenge

The challenge for each generation is to preserve and enhance our great freedoms, passing them on to the next generation, stronger and better, never forgetting that they are precious and fragile, and require continuing care by each of us.

This article is a love story—the story of one man's deep love for his country, and his dreams for its future. I hope you share my dreams for this great country.

The key to our future is for millions of private citizens, like you and me, to start once again to act like proud part owners of our country.

We will not always agree, and that is not important. We will be involved in doing everything we can to see that the things we feel need to be done are done. We can be the generation that made the real American Dream come true. We can deliver the constitutional guarantees to our people—to our children.

Let's stop talking, accusing and fretting. Let's get to work! **END**

Hanoi wouldn't let the POW gifts in from Laos, so Mr. Perot (below, at a Copenhagen press conference) tried another route: Russia. Visa denied.



The Worst Is Over

Most top executives
polled feel the
economy is about
to turn around

The pace of business will pick up during the last six months of the year and by the start of 1971 the economy should be moving ahead.

This is the consensus of 743 top executives—company presidents, chairmen, senior vice presidents and chief economists—who participated in the thirty-fifth Outlook Survey.

Replies to the survey, some mailed and some telegraphed, show that businessmen, like government officials and professional economists, are torn between the need to hold down inflation and the need to stimulate the economy's recovery.

The present slowdown seems to have been at least partly caused by worry about inflation, in the opinion of scores of executives.

An often quoted example involves high interest rates. The prime rate, as executives note, was boosted to 8½ per cent (it's now a still-lofty 8 per cent) in the expectation that such expensive borrowing would discourage purchasing, thus dampening the economy.

Whatever its effect so far on inflation, it did affect business. High borrowing costs for home buying have lowered the home building rate. And automobile purchases are behind the 1969 pace, partly because interest rates are so high.

Among the most optimistic executives taking part in the survey was David Cunningham, president of Tokheim Corp., Ft. Wayne, Ind. Mr. Cunningham telegraphed: "End of business recession expected in last half of 1970, with one of first indications likely to be market upsurge stimulated by widespread cut in discount rates, which seem already

to have passed their peak. These and other factors will pave way for economic turnabout in 1971 and beginning of what very well may be nation's most constructive, prosperous decade."

An equally cheering note came, from J. Henry Smith, president, Equitable Life Assurance Society of the U. S., located in New York: "We believe that the current business slowdown may last into the fall but that real growth is likely to be resumed before year end. The control of inflation will require some brakes on this growth for a considerable period but the reactions in the stock and bond markets to current problems appear disproportionate in view of the economic outlook as we see it."

On "the right track"

A leading banker, William E. Petersen, president of New York's Irving Trust Co., found several indications that the year's second half will be rosier. He outlined them in this message:

"Distressing international news and domestic social unrest have combined to push the collective state of mind of stock and bond market investors into a substantially more pessimistic frame than is justified by economic reality, while the government anti-inflationary policies are taking hold more slowly than expected. Evidence suggests that we are on the right track in the coming six months. Further progress in the fight against inflation is likely to become evident. Monetary policy will be on average less restrictive than in the corresponding six months of last year.

"The slippage in the federal budget from a slim projected surplus in fiscal year 1971 to a modest deficit is cause for concern but the budget shift has not as yet seriously undermined the fight against inflation.

"On balance the tone of our money and capital markets and the health of our economy should improve over the next six months, restoring some measure of investor confidence."

E. Hornsby Wasson, chairman, Pacific Telephone & Telegraph Co., San Francisco, said:

"The deep-seated attitude of people at all levels must be improved if we are to begin the long road upward. To me this is our most serious problem and it has many facets. I predict a real breakthrough in the Viet Nam-

Cambodian situation by mid-summer, and a resultant modest improvement in our economic problems here at home. Improvement will be more psychological than real, but nevertheless, a step forward."

Robert S. Oelman, chairman, The National Cash Register Co., Dayton, Ohio, saw both promising and unpromising factors. Mr. Oelman telegraphed:

"In aggregate we expect business conditions to improve modestly in the third and fourth quarters. We look for higher levels of consumer spending bolstered by increased wage rates, surtax elimination, higher Social Security payments, and lower rate of savings. Residential housing should move upward from the low starting rate of second quarter; government spending should rise, particularly at the state and local level; and spending for plant and equipment should remain at current high levels.

"However, we expect continued pressure on corporate profits and do not see any appreciable reduction in the rate of inflation during the next six months."

Again and again the phrase "bottom out" was used to describe what will be happening in the economy this autumn.

Joseph M. Segel, president of The Franklin Mint in Franklin Center, Pa., telegraphed an estimate typical of many. "Expect economic slump to bottom out within next six months and business to start turning around within that period of time," he said.

The question "What will be happening generally to the economy in the next six months?" brought many other predictions of progress.

"We expect business to generally improve from poor to fair," said Henry A. Pickard Jr., president, Pickard, Inc., Antioch, Ill.

"Business in general will show no increase until approximately Oct. 1. Then a gradual increase will take place until March 1, 1971. After that I take a more optimistic outlook," said Edward Studer, president, Cincinnati Economy Drug Co.

"Mild pickup in September," telegraphed C. G. Walters, chairman, The Master Products Co., Cleveland.

Consumer purchases will hold up reasonably well during the next six months because "personal income should not be materially affected by a recession in the short run" and will

Austin Nichols' spending for capital improvements will rise in 1971.

Kenneth G. Peters, president
Austin Nichols & Co., Inc.
New York



Factors affecting Nashua Corp.: "Major new product development, favorable impact of economy programs, high cost of money and continuing increase of cost from the service sector."

James R. Carter, chairman
Nashua Corp.
Nashua, N. H.



"Pent-up consumer demands for hard and soft goods," will help end the business turndown.

Charles R. Tyson, president
Penn Mutual Life Insurance Co.
Philadelphia



be enhanced by the anticipated elimination of the income tax surcharge, wrote Kenneth G. Peters, president, Austin Nichols & Co., New York.

Charles R. Tyson, president, Penn Mutual Life Insurance Co., of Philadelphia, said his business is unaffected by the economic slump and he expects continued growth in "the 7 to 10 per cent range."

George T. Mash, executive vice president, Mills Products, Inc., Farmington, Mich., predicted that "the present lull" will remain until after auto industry contracts are settled with unions, probably in the autumn.

Richard L. Harder, vice president, Robert T. Harder, Inc., Rockville Center, N. Y., telegraphed that he hopes for "leveling off in third quarter and upward trend at the end of the year."

Gloomier views

Some prominent business figures had a less happy outlook. One was Bert S. Cross, chairman of the 3M Co., St. Paul, Minn.

His answer in full: "Indications are that business generally will continue to be relatively flat during the next six months. While personal income and the gross national product are up, corporate profits are down, affected by higher labor and other costs. If corporate profits continue depressed, it could result in cutbacks in capital spending by business. So far none of

the major economic indicators have shown any movement which would point to an early upturn."

✓ Donald S. Kennedy, chairman, Oklahoma Gas & Electric Co., Oklahoma City, said he expects only "the possibility of some recovery" later this year.

✓ Thomas L. Phillips, president of Raytheon Co., Lexington, Mass., said bluntly, "Business is now depressed and there is no relief in sight for the next six months."

✓ Keith R. Potter, vice president of finance, International Harvester Co., Chicago, said there will be "no upturn this year."

His reasons: "Economic growth will be relatively flat in the second half. Unemployment will remain at a comparatively high level. Corporate profits will be off sharply and capital spending curtailment will become apparent. Public confidence will continue to erode as inflationary force proves much stronger and more difficult to control. Major labor strikes will tend to aggravate situation."

✓ N. G. Dodson, president, Pennsylvania Electric Co., of Johnstown, Pa., answered in detail:

"Faced with soaring material costs, mounting labor demands and an uneasy political climate, business generally is being sorely tested. Ways must be found to maintain economic viability while fulfilling the rising expectations of large segments of the

population for a higher standard of living and an improved environment. The economic outlook is threatening and can become grim unless more stringent steps are taken to curb the trends which feed inflation. It is time for the business community to forget individual selfishness and join in backing the country's President."

Six "triggers"

NATION'S BUSINESS also asked: "What are the triggers needed to bring a quick end to the slowdown?"

At least six suggestions were offered:

1. Money must flow more freely back into business channels.
2. Interest rates must come down.
3. Construction activities should be revived.
4. The Southeast Asian war must be curtailed.
5. The public must recharge its confidence that inflation can be whipped, and stop adding to the inflationary spiral.
6. Labor unions must curb money demands.

Touching on three of the conditions was Milton F. Darr Jr., chairman, La Salle National Bank, Chicago: "A change in monetary policy, resulting in lower interest rates, would stimulate a return flow of funds to savings institutions. This would increase money available for mortgages

"General economic recovery, higher selling prices" will boost business for International Harvester Co.

Keith R. Potter, vice president
International Harvester Co.
Chicago



Handwritten signature of Keith R. Potter

"New products, new markets, normal growth" will bring American Can Co. better business in 1971.

W. F. May, chairman
American Can Co.
New York



Handwritten signature of W. F. May

"Expansion of profitable service lines" will carry Western Union Corp. to better profits in 1971.

R. W. McFall, chairman
Western Union Corp.
New York



Handwritten signature of R. W. McFall

The Worst Is Over *continued*

and probably lead to a boom in housing."

↓ Bundy Colwell, president of The Colwell Co., Los Angeles, wrote: "The consumer must have confidence in his ability to repay before he is willing to take on long-term credit. Increased Social Security benefits, reduction in the income tax, a continuing reduction in our involvement in Viet Nam and an end to large scale layoffs in industry all will make major contributions to restoring consumer confidence and the willingness to purchase housing, autos and major appliances."

↓ Daniel L. Hurson, chairman, Aca-cia Mutual Life Insurance Co., Washington, D.C., wrote: "The turn-around will come when business and the public have regained confidence in our ability to control inflation and our political and social problems."

Labor's contribution to inflation and poor business conditions prevailing at many companies was commented upon by a number of executives, including David A. Floreen, chairman, Atlantic Mutual Insurance Co., New York, and Robert W. Hartwell, vice president for finance, The Detroit Edison Co.

↓ Mr. Floreen called for "restoration of productivity coupled with sensible statesmanship on the part of labor union leaders." Mr. Hartwell wrote that the slowdown will end with

"faster growth in the money supply. This will revive the stock market and enhance consumer expectations and push consumption expenditures upward. Another important factor will be the flattening of labor rates so that construction costs will stop escalating at the current high rate."

The inflation struggle

A good many businessmen feel the fight against inflation is not going well: 334, in fact, said it is going badly, 206 said there is no improvement, and 144 saw slight improvement. Only 28 said the fight goes well.

The issue stirred up some heat.

↓ "Inflation is winning!" wrote David Heffernan, vice president for marketing, Ryder System, Inc., Miami, Fla. "We're losing," wrote R. W. McFall, chairman and president, Western Union Corp., New York. "Losing," wrote Leo H. Schoenhofen, chairman, Container Corp. of America, Chicago.

↓ Alfred J. Stokely, president, Stokely Van-Camp, Inc., Indianapolis, Ind., said the fight "has not succeeded in controlling our labor costs at all. It has dampened price increases on our finished products."

↓ John F. Schmidt, executive vice president of Chicago's Cadillac Associates, Inc., said he has seen no signs of headway. And, he added, "Someone has to eventually stand up to the excessive wage increases being de-

manded by labor. As long as the unions can get what they want and industry can pass it on to the consumer, we will have inflation. When things get tight enough that the consumer quits buying and brings pressure to bear on the producers of goods and services, then the latter will have to start standing up to the unions."

Dozens of executives gave the same one-word description of the inflation fight that has been given frequently in previous surveys. The word: "Poorly."

But among those seeing hope for relief from inflation were some of the country's best-known executives.

Most optimistic was James H. Binns, president, Armstrong Cork Co., Lancaster, Pa., who wrote, "The operation has been a success, the patient is now in the recovery room, and while he will not be completely cured, he will be a bit better by year end—barring a widening of the war."

↓ James R. Carter, chairman of Nashua Corp., of Nashua, N. H., recognized an "inevitable time lag of having monetary policy affect results" in the anti-inflationary program.

"A slight gain" has been made in fighting inflation, wrote John R. Wagner, vice president, City Machine Tool and Die Co., Inc., Muncie, Ind. But, he added, "labor will have to help to really hold it [inflation] down."

↓ D. E. Noble, president, Rubber-

maid, Inc., Wooster, Ohio, wasn't pleased with the degree of progress against inflation but conceded there "has been some impact." Unemployment, he pointed out, is going up and this tends to decrease pressure for wage increases.

Falling between the encouraged and discouraged was Donald J. Carman, president, California-Pacific Utilities Co., San Francisco. He saw no "obvious results so far," but added: "We expect to see some before the end of this year."

Investments, prices, costs

The Business Outlook Survey revealed a definite drop in company spending planned for capital improvements, as compared with plans outlined in previous surveys.

Only 238 companies plan to spend more in 1971 than in 1970 while 158 plan to spend less. Three hundred thirty-two will spend about the same.

In earlier surveys, the proportion of companies planning increased capital spending was much greater.

More sales don't necessarily mean more profits, the survey indicated.

Though 546 companies said they expect increases in sales or volume of business in 1971 as compared with 1970, only 367 look for more profits. By the same token, 71 companies expect a decline in sales or volume of business while 122 think profit margins will be smaller.

Looking for sales and volume to

level off are 126 companies while 239 look for profits to remain the same.

Tabulation of answers to a question on what direction executives expect the prices of their products and services to take produced these results:

- 465 look for increases in prices and charges.
- 146 expect prices to hold steady.
- 98 feel some prices and services will be up, and some down.

Next year will be another expensive year for labor costs, executives chorused. In fact, 130 said their labor costs would go up 6 per cent, 113 said they would go up 7 per cent, 98 said 8 per cent, 31 said 9 per cent and 110 said 10 per cent. Twenty-six executives looked for a 15 per cent increase.

There was a wide variety of responses to this broad question: "What are major factors affecting your business—for better or worse?"

J. Willard Marriott Jr., president of Marriott Corp., the Washington, D. C., based operator of a growing chain of motor hotels and restaurants, answered: "Slowdown in the economy is reducing the amount of discretionary income."

W. A. Pistell, vice president for finance, Baltimore Business Forms Inc., Baltimore, wrote: "Inflation, strikes which involve our suppliers and deliveries, and marginal help."

E. L. Molloy, president of the big retailing firm, R. H. Macy & Co., Inc., New York, reported: "Rapid

"Our business is unique—volume is principally dependent on our level of promotion."

Joseph M. Segel, president
The Franklin Mint
Franklin Center, Pa.



Handwritten signature: HAW

acceleration in cost of services has diverted available consumer expenditures from 'discretionary' expenditures for durable and nondurable goods with resulting drop in production and corresponding increase in unit manufacturing costs."

Erik Jorgensen, vice president and general manager, Eagle Pencil Division of the Berol Corp., Danbury, Conn., said his business is most affected by the condition of the national economy.

Inflation is the great enemy of Deere & Co., Moline, Ill., farm and industrial equipment maker, according to E. F. Curtis, president. Another foe is the worldwide glut of wheat.

W. F. May, chairman, American Can Co., New York, cited "environment problems."

George M. Gudefin, president, Guerlain, Inc., New York, makers of perfumes, worries about cost of labor and materials.

M. M. Christy, president, Western Pacific Railroad Co., San Francisco, said his company is most affected by "wage inflation and high money costs." On the other hand, he said, relief from passenger train losses has been a big help.

J. W. Crosby, chairman, Thiokol Chemical Corp., Bristol, Pa., which makes products for the auto industry, among others, listed the automobile buying slowdown, lower construction rate and "a very tight defense budget."

END



Erik Jorgensen, general manager
Eagle Pencil Division, Berol Corp.
Danbury, Conn.

Handwritten note: Ref'd to 9/10 min Quinn



E. F. Curtis, president
Deere & Co.
Moline, Ill.

Handwritten signature: HAW

Adding zip to the economy: "Lower interest rates with resultant effect on housing starts and durable goods purchases, completion of inventory adjustments and continued high capital investment."

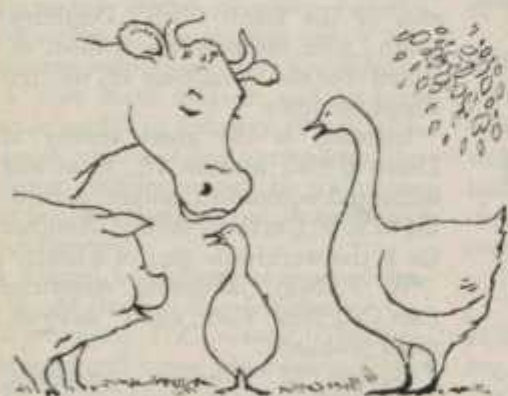
"Downward pressures of 1969 and 1970 should be over," making for increased volume of business for Deere & Co. next year.

The Little Red Hen (Revisited)

Doug Smith, a British Columbia writer, produced a different version of the children's classic, and Piercell Merchandising Ltd., of Windsor, Ontario, illustrated it.



Once upon a time, there was a little red hen who scratched about and uncovered some grains of wheat. She called her barnyard neighbors and said, "If we work together and plant this wheat, we will have some fine bread to eat. Who will help me plant the wheat?" "Not I," said the cow. "Not I," said the duck. "Not I," said the goose. "Then I will," said the little red hen, and she did.



Then it came time to bake the bread. "That's overtime for me," said the cow. "I'm a dropout and never learned how," said the duck. "I'd lose my welfare benefits," said the pig. "If I'm the only one helping, that's discrimination," said the goose.



"Then I will," said the little red hen. And she did.



She baked five loaves of fine bread and held them all up for the neighbors to see. They all wanted some, demanded a share. But the red hen said, "No, I can rest for a while and eat the five loaves myself."

REPRINTS of "The Little Red Hen (Revisited)" may be obtained from Nation's Business, 1615 H St. N. W., Washington, D. C. 20006. Price: 1 to 49 copies, 35 cents each; 50 to 99, 30 cents each; 100 to 999, 17 cents each; 1,000 or more, 14 cents each. Please enclose remittance with order.



The wheat grew tall and ripened into golden grain. "Who will help me reap my wheat?" asked the little red hen. "Not I," said the duck. "Out of my classification," said the pig. "I'd lose my seniority," said the cow. "I'd lose my unemployment insurance," said the goose.



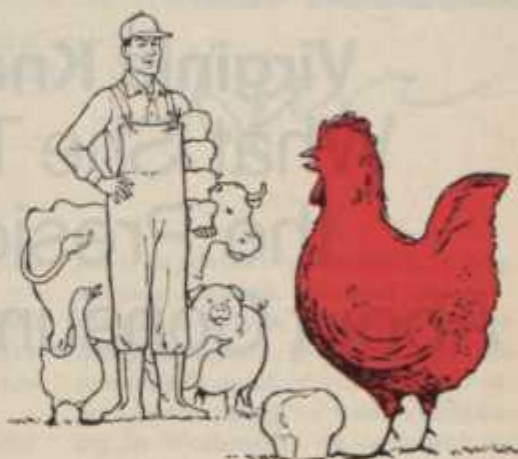
Have



"Excess profits," cried the cow. "Capitalistic leech," screamed the duck. "Company fink," grunted the pig. "Equal rights," yelled the goose. And they hurriedly painted picket signs and marched around the little red hen singing, "We shall overcome," and they did.



For when the farmer came, he said, "You must not be greedy, little red hen. Look at the oppressed cow. Look at the disadvantaged duck. Look at the underprivileged pig. Look at the less fortunate goose. You are guilty of making second-class citizens of them."



"But . . . but," said the little red hen. "I earned the bread."

"Exactly," said the wise farmer. "That is the wonderful free enterprise system; anybody in the barnyard can earn as much as he wants. You should be happy to have this freedom. In other barnyards, you'd have to give all five loaves to the farmer. Here you give four loaves to your suffering neighbors." And they lived happily ever after, including the little red hen, who smiled and clucked: "I am grateful. I am grateful."

But her neighbors wondered why she never baked any more bread.

END

Virginia Knauer: What She Tells the President About Consumers





Mrs. Knauer has plenty of contact with the public as she reports on federal activity in the consumer field, and lets citizens have their say. Here, she's in Raleigh, N. C.

Knauer

When President Nixon made one of his frequent visits to the daily conference of his top advisers on domestic issues, his attention was practically monopolized by Mrs. Virginia Knauer, his special assistant for consumer affairs.

"You never gave us a chance to get a word in," one of her male colleagues grumbled later.

Her explanation was typically direct: "My problems are much more important."

Mrs. Knauer, an attractive, blonde grandmother at 55, carries that sense of mission throughout the upper reaches of the federal government and to meetings of consumer, business and other groups throughout the country.

"I'm vigorously proconsumer," she says, adding: "I've never felt that being proconsumer was being anti-business. We want to go after the crooks in the marketplace, not after ethical business."

President Nixon asked Mrs. Knauer to head up the Office of Consumer Affairs for him in April, 1969.

ROBERT T. GRAY, author of this article, is an associate editor of *Nation's Business*.

Today, she's as enthusiastic as the day she took the job.

"It's probably been the most exciting year of my life," she says. "It's been a very great year for the consumer."

The Nixon Administration, Mrs. Knauer says, "has produced the first consumer program coordinated at the national level and has sent to Congress proposals for far-reaching new procedures in this field."

And, she says, the increasing participation of business in consumerism has been another highly important development.

"Business leaders have responded constructively," Mrs. Knauer reports, citing such specifics as the "Business-Consumer Relations Code" announced by the Chamber of Commerce of the United States as part of a program covering a wide range of consumer interests.

Presidential pipeline

Mrs. Knauer's official life is generally divided among three principal forums—the White House, Congress and speaking platforms throughout the country.

"Basically," she explains, "my

job is to advise the President, to be a pipeline between him and the consumer, to advise Congress on the Administration's proposals and the consumer's point of view, and to report to the public on what's happening in Washington on consumer issues."

As a member of the White House team, Mrs. Knauer says, "I have the President's ear. He has given me full support in all of our programs."

She keeps him briefed on developments in the consumer field and her reports frequently form the basis for Administration action.

When, for example, she was disturbed to learn that consumers who wrote to the government with complaints were simply being notified that their letters had been referred to such-and-such an agency, Mrs. Knauer took the matter to the White House.

With the President's approval, a plan was adopted under which copies of the letters are forwarded to the chief executives of companies mentioned in them.

In the "hot dog dispute," Mrs. Knauer took on a member of the President's Cabinet and was upheld.



The President's special assistant on consumer affairs in her office. Her job often takes her away from it.

She wanted a 30 per cent maximum set on fat content of frankfurters, while Agriculture Secretary Clifford M. Hardin favored a higher level. The argument escalated to national attention.

Finally, "the President picked up the telephone and called me to talk about it," Mrs. Knauer recalls. She argued for the 30 per cent level—and won.

(She was to applaud hot dog producers later, when the Agriculture Department announced in its first report on the new standard that the actual fat figure was averaging 27 per cent.)

Mrs. Knauer's reports and other communications to the President include legislative recommendations. Her views played a key role in the consumer proposals he sent to Congress.

A woman's work

Her wide-ranging duties in Washington and throughout the country make for grueling, hectic days.

On one sunny spring day recently, she was at the White House at 7 a.m. for one of the daily sessions in which

she and other Nixon advisers meet with John Ehrlichman, top Presidential assistant for domestic affairs.

From there, it was a short dash to her sixth-floor office in a new federal building looming over the White House area.

After quick sessions at her desk with staff aides, Mrs. Knauer was on her way to National Airport for a jet trip to Raleigh, N. C., where she was to speak to the 1,000-member North Carolina Consumer Council.

The plane was late arriving in Raleigh. A driver sent to meet Mrs. Knauer gave up and left the airport before she arrived. Mrs. Knauer, who travels alone in tourist class on official trips ("our budget won't allow anything else," she explains) had to fend for herself in getting to the meeting site.

She delivered her speech, a timely warning that spring always brings out fraudulent offers for home repairs at supposedly attractive prices. "Consumers should deal with reputable firms, not the fly-by-nighters," she told the audience.

Noting that two utilities in the area had proposed rate increases, Mrs.

Knauer suggested guidelines for consumer appraisal of such requests—need for generating capacity, added costs of antipollution equipment and adequacy of the state utilities commission.

"Your utilities should tell you frankly whether they have enough supplies to meet your demands," she said. "If the answer is No, then rate increases may be justified to build the necessary power facilities—to borrow the money, to purchase the land, to purchase the fuel."

In combating pollution, she said, "Just as the utilities have a social responsibility to install effective equipment and to protect and preserve our environment, so, too, many consumers may have to share at least part of the burden of cost."

Keeping her cool

Mrs. Knauer's delivery remains low-keyed even when her listeners try to put her on the spot, but it's not always easy for her to keep cool.

Though she gave a detailed presentation in Raleigh on the utility issue, one of the first questions was how consumers could tell whether rate increases were needed.

"That's what the whole point of my speech was about," she replied with more than a trace of exasperation.

After less than an hour at the meeting, Mrs. Knauer was on her way back to the airport for a return trip to Washington, where her afternoon was filled with appointments to discuss consumer legislation with members of Congress.

On another of her days, instead of heading home at 5 o'clock after a full work schedule, she took a long bus ride out to Dulles Airport and a flight to Houston, Tex., to be ready to speak the next morning to a Southern Gas Association convention.

Her speech mentioned complaints her office had received from customers of gas and electric utilities, many of them dealing with service cut off after bills were paid but not properly credited by a balky computer. (One such letter, she recalled, began by saying: "Mrs. Knauer, I'm writing this to you by candlelight.")

Mrs. Knauer recommended, as she has to other industry groups, estab-

ishment of corporate offices of consumer affairs under direction of executives of vice presidential or higher rank.

"I am pleased to note that a number of organizations have followed my recommendations," she told the Association, whose members are in the gas production, distribution or equipment business.

She also cited, as she frequently does, such business innovations as the Whirlpool Corp.'s "cool line"—a toll-free telephone link for customers who need information or quick service, or want to register complaints.

And she called attention to the policy of Marvin Chandler, board chairman of Northern Illinois Gas Co., who personally reads and answers consumer mail within 48 hours of its receipt.

After the speech, which had been rescheduled on the program to allow Mrs. Knauer to get back to Washington for still another Capitol Hill meeting, she was off to the airport by mid-morning.

Tuning in the top man

Mrs. Knauer constantly is telling businessmen that top executives should become directly involved in company consumer programs. "When the top man is tuned in, so is everyone else in the organization," is the way she puts it.

Relaying consumer complaints received by government offices, including her own, to chief corporate officers not only reassures consumers, she feels, but helps to get the executives involved.

"A lot of them are cloistered in executive suites or board rooms and have become isolated from consumer problems," she says. "But when reports of failure in their own organizations are laid right on their desks, they move with great dispatch."

"And they write back to thank us for bringing conditions to their attention. No company president wants his customers saying they won't buy his product a second time."

Mrs. Knauer talked about herself and her job in a series of interviews with NATION'S BUSINESS in airplanes criss-crossing the country, in taxis and even, at one point, in a minibus dashing around and under parked

jets as it carried her from one airline to another at the Atlanta, Ga., airport.

She's traveled nearly 70,000 miles in the 14 months since she took on the job, and reports the number of letters the Office of Consumer Affairs receives from the public has jumped to 3,500 a month, more than double the rate under the previous Administration.

She's a gracious and charming lady who at the same time is a skilled political veteran. While she carefully avoids criticism of her predecessor, Betty Furness of refrigerator commercial fame, Mrs. Knauer obviously is striving for a more even-handed approach.

"I don't believe that, if you get three complaints about toasters, you should go out and blast the entire appliance industry," she says.

Her office budget jumped to \$810,000 in the fiscal year that just began, up from \$451,000. She'd overcome the limits of the lower amount by "borrowing" personnel from various other government agencies and convincing the Budget Bureau they were needed. (When an aide recently questioned whether the budget would allow a summer intern program Mrs. Knauer was planning, she replied cheerfully that it was going ahead and "we'll hold a cake sale in the lobby to raise the money if we have to.")

Causes of consumerism

She traces the current wave of interest in consumerism back to the late 1950's, adding that it "really gained momentum in the 1960's."

A rapidly expanding technology that led to many new products was among the factors that gave the movement impetus, Mrs. Knauer feels. For one thing, "there was more confusion" as buyers had to make more decisions, she says, "and out of this came a need for more consumer information."

And demands for continually improved products resulted in "gadgets becoming so technically complicated," leading in turn to increased costs for service. Shortages of qualified repairmen added another complication.

"The American buyer is a restless buyer, looking for the latest and

brightest," Mrs. Knauer notes. "Look how often we change cars."

Some shoddy products and problems over warranties pose further complications, she adds—"nobody reads warranties until something goes wrong."

Computers that bill for goods not purchased or demand payments already made are another cause of consumer frustration, Mrs. Knauer says, along with self-service stores that provide little if any recourse for dissatisfied customers.

Business has done much to meet such problems and to help in many consumer programs, Mrs. Knauer says. For example, she reports, "business has done a great deal to provide information" for one of her office's current projects—drafting guidelines for consumer educational activities.

Mrs. Knauer traveled a circuitous route to reach her present post as the nation's top official on consumer affairs.

She is the wife of a prominent Philadelphia attorney and mother of a son and daughter, both now married.

For a long time, her interests outside her home had been in fine arts, including antiques. A University of Pennsylvania graduate, she went on to the Royal Academy of Fine Arts in Florence, Italy, and later taught in the arts field.

But in 1952, she acquired an interest that was to change the course of her life. "I was one of the original 'Citizens for Eisenhower,'" Mrs. Knauer recalls. With her husband, she became active in politics.

That work took her, successively, to the chairmanship of the Republican committee of Pennsylvania's Fifth Congressional District, to the vice chairmanship of the Philadelphia G. O. P. committee, to eight years on the City Council and finally to the job of directing her state's Bureau of Consumer Protection. She was running that extensive operation, with five regional offices, when she was tapped for the national post.

The Pennsylvania experience was invaluable, Mrs. Knauer says. "I know how effective state consumer agencies can be; they are a little closer to the people."

She does not think her present

office needs to establish any vast new bureaucracy throughout the country to carry out its current and proposed assignments but feels it can, for the most part, work through existing federal regional offices.

The President's proposals

One of Mrs. Knauer's main tasks is rallying Congressional support for President Nixon's proposals in the consumer field.

He has recommended legislation to:

- Put into federal law an authorization for the Office of Consumer Affairs as a regular agency of his office, where it now exists only by virtue of an executive order. Giving it statutory authority, the President said, would "give every American consumer a permanent voice in the White House."

- Establish within the Justice Department a Consumer Protection Division, which would represent consumer interests before federal agencies and the federal courts, would conduct conferences, surveys and investigations on consumer matters, and would request federal tests of products involved in agency or court proceedings.

- Authorize the new Justice Department unit to prosecute cases involving 11 specified types of consumer fraud or deception.

- Allow the Federal Trade Commission to seek preliminary injunctions and restraining orders to prevent consumer fraud, and to act in matters "affecting" interstate commerce instead of merely dealing with matters "in" interstate commerce.

- Permit so-called "class action" suits for damages in cases where the Justice Department or FTC had won judgments in any of the 11 designated areas.

- Expand consumer education programs and authorize government review of processes used by various laboratories and other organizations to test products. Findings about the tests would be published.

Many consumer advocates say the President's recommendations fall far short of what they want.

They have urged, among other things, that the consumer office be converted into some type of independent superagency that would have

unprecedented powers over the conduct of business.

Also, they would like to see class action suits permitted against any business on any grounds, without the Administration's proposed prerequisite of successful government court action and its proviso that suits be limited to specified areas. Mr. Nixon has said this would lead to harassment of legitimate business with nuisance cases.

On the other hand, other consumer advocate organizations and some business groups have challenged aspects of the President's plan for different reasons. They question the need for a new consumer unit within the Justice Department, and whether any type of class action legislation is needed.

They suggest that, rather than create an exclusive unit in one Department, any federal agency with specialized knowledge on a given issue be asked to represent consumer interests in various proceedings. They also note that the Federal Trade Commission has long had jurisdiction in consumer fraud actions. Strengthening the FTC, they hold, would make more sense than creating a new agency to compete with it.

They also question whether class action suits—in which the final decision would apply to all persons in a designated group, such as buyers of a specific product—would achieve the results their proponents predict. Here again, a revitalized FTC that could prevent frauds, rather than machinery that assumes they will happen, is viewed by many consumer advocates as the wiser course.

An extensive reorganization of the FTC, announced recently, goes part way toward achieving some Administration goals for the agency, but legislation will be needed to reach others.

Congressional approval will be required, for example, on the proposal to allow the FTC to obtain preliminary injunctions or restraining orders. The restraining order idea is kicking up some business opposition, because a businessman accused of deceptive practice doesn't have a chance to reply before an order to cease is issued. (Under the injunction procedure, he does have that chance.)

Meanwhile, advocates of a hard

line in consumer bills scored victories before Congressional committees, and the stage is set for floor battles over the basic issues of a consumer superagency and wide open class action suits. The results will have major impact on the conduct of business far into the future.

Mystery at the White House?

Some opponents of the Nixon consumer plan delight in trying to portray Mrs. Knauer as a captive of a mysterious White House power bloc. She doesn't take such talk kindly. "I'm not a brainless child and I resent being treated like one," she snaps.

Questions on why the Administration did not go for unlimited class action follow her in her travels, as advocates of that course keep claiming that a deluge of litigation will somehow lead to a utopian situation for consumers.

"I get tired of answering that one," Mrs. Knauer says. "Wide open class action would put a crushing burden on the federal courts and could damage ethical business needlessly. The President has developed a responsible point of view."

Mrs. Knauer considered it an important plus for her office when, at Mr. Nixon's personal direction, she was designated one of the top aides to participate in White House sessions on domestic affairs.

"The President is trying to make this job more visible and to broaden the scope of our activities," she says.

She views her job as one of "tremendous" challenges.

"Businessmen have come to realize this thing is here to stay," she says of the consumer movement, "and they can play a key role in helping to make it an effective movement within the free enterprise system."

She reports she found one of the most impressive commentaries on the consumer in the finale of "The Consumer Revolution," a slide presentation by the Chamber of Commerce of the United States.

It ends with the comment: "The ancient Greeks wrote that 'Nothing endures but change.' In our own restless, revolutionary age, business must become the architect of change."

Mrs. Knauer comments: "I can't think of any better advice." **END**

Keep an Eye on the IRS

Government lawyers are interpreting the Tax Reform Act of 1969, and they could produce some unpleasant surprises

Handwritten signature



James Dring, head of the IRS regulations division, directs teams of lawyers drafting guidelines.

The Tax Reform Act of 1969 allows a five-year write-off on cost of fixing up dwelling units rented to tenants with low or moderate incomes.

Sounds fairly explicit, doesn't it? But...

Does the entire cost of rehabilitating a commercial-residential building qualify?

If not, how do you prorate the cost?

Are tenants considered "low-income" if they're college students getting a weekly check from Daddy?

What happens if the tenants who qualified the building for the fast

write-off move out and higher-income families move in?

Those are among the questions that Internal Revenue Service lawyers are grappling with more than 6½ months after passage of the massive tax act.

Nearly 170 assignments for interpreting various sections of the law have been handed out to 45 IRS lawyers who face months of study, research, discussions and writing and rewriting guidelines, regulations and new tax forms.

The results will be important for businessmen. There are still a lot of new developments, and perhaps some surprises, in store involving the legis-

lation, which was rushed through Congress in the closing days of the 1969 session.

Tax lawyers, accountants and financial executives are among those keeping a close eye on the procedure by which the new law's language will be translated into dollars-and-cents mandates on business.

It would be well worth the time of any businessman to study the *Federal Register*, where the new regulations will be published as they are issued. Once one is in the *Register*, you usually have only 30 days to "comment" on it before it goes into effect.

(You can subscribe to the *Register*,

Keep an Eye on the IRS *continued*

a daily report on federal government administrative, purchasing, contract and other developments, for \$25 a year. Write the Superintendent of Documents, Washington, D.C. 20401.)

Comment has meant much

Comment from businessmen and outside tax experts about proposed IRS regulations in the past has led to revisions or even abandonment of some proposals as new information was produced. In the complex world of the tax guideline, every word and even the punctuation marks can have a special meaning—affecting someone.

K. Martin Worthy, IRS chief counsel and assistant general counsel of the Treasury Department, reports that the various decisions will be forthcoming over the next several months.

Until they are, says Scott P. Crampton, chairman of the American Bar Association's tax section, there will be a "good deal of driving by the seat of your pants" in dealing with the new law.

"We're all anxious to see them," he says. "Until we get them, we won't know the areas that are emphasized or de-emphasized in the interpretations."

Could IRS decisions spark disputes leading to a rash of court suits over the new law? "Tax legislation usually involves a lot of problems and we have no reason to think this law will have any less or any more than usual," Mr. Crampton says.

The American Institute of Certified Public Accountants has already begun a detailed study to determine "the kinds of things that have to be done to make it a better Act." That might involve both interpretive rulings and additional, corrective legislation, a spokesman says. The institute is not concerned that the big job of drafting guidelines will pose any immediate major problems for businessmen because many provisions do not take effect until the end of this year. However, it says delay in issuing new regulations could spell trouble.

IRS officials were never far away when the tax law was being hammered out in a series of compromises in Congress. When President Nixon's signature on the bill marked the end

of the legislative phase, the IRS opened a new chapter.

First came a series of meetings in which the bill was analyzed section by section and a list of "regulations projects" drawn up.

About 40 per cent of them deal with charitable contributions and exempt organizations, including the foundations that sparked much of the controversy over the tax bill.

Other areas of more general interest to business include capital gains, natural resources, farm losses, taxation of financial institutions, municipal bonds, lump-sum distribution of pension payments, multiple corporations, corporate debt, definitions of earned income and minimum tax preferences. In short, the work covers much of the scope of the tax bill itself.

Setting priorities

An early step was arranging the work into priority categories related to the times when various sections of the bill take effect and to the extent of their application.

Top priority, for example, was given to withholding, the tax area with broadest impact on employers and employees alike. Parts of the legislation affecting current decisions came next.

Farther down on the list are complex matters which Congress, without setting a deadline, decided should not take effect until the IRS completes work on the regulations.

Mr. Worthy has taken action to speed the drafting of regulations from both the procedural and mechanical standpoints.

"We intend to get them out as reasonably soon as we can," he says.

Too much time and effort in the past was spent by lawyers at lower echelons making policy decisions on IRS regulations that were overruled at the top, Mr. Worthy says. The proposed regulations would come bouncing back with the order: "Start all over."

To the young, shirt-sleeved lawyer who had worked his way through ponderous tax tomes and filled a wastebasket to overflowing with his own rejected drafts, this was frustration at its height.

To Mr. Worthy, it was also needlessly time-consuming. He devised a

shortcut. The lawyer given the assignment of drafting a policy-making regulation now writes a memo summing up the issues to be covered and sends it to a newly created "Regulations Policy Committee" at the very top level of IRS. The Committee sets the policy and the attorney working on that particular regulation follows through.

A proposed regulation may go through as many as 12 drafts and run up to 200 to 300 pages. Constant re-typing was a bottleneck until the chief counsel directed they be put on tape which could be fed into typewriters, and patched for revisions and corrections where needed. More extensive use of copying equipment is now standard procedure.

Any bill the length of the new tax measure—it runs hundreds of pages—and passed in such haste is bound to have some unforeseen results.

A case of overkill

One is a classic case of legislative overkill.

Congressmen and the IRS had long frowned on the practice of issuing tax-exempt state or local "arbitrage" bonds—those sold to raise cash that was, in turn, invested at higher interest rates, usually in federal offerings.

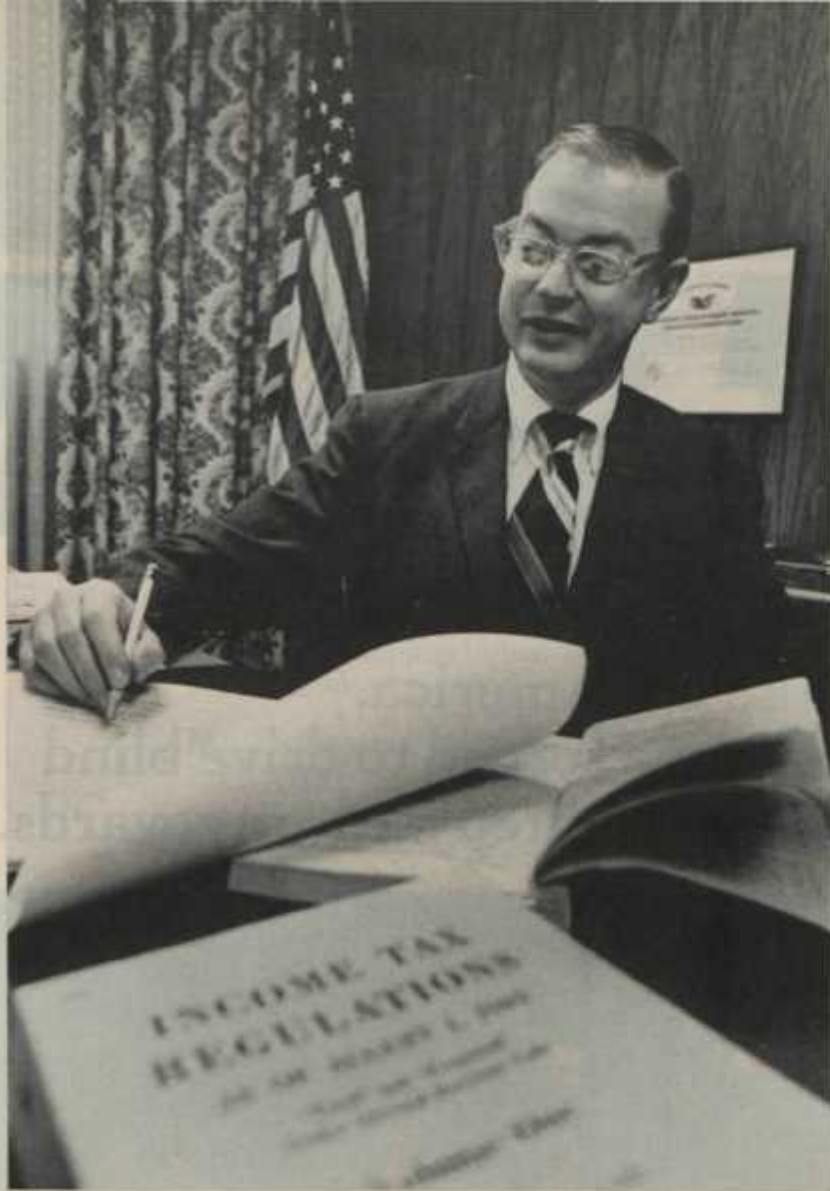
The Supreme Court long ago upheld the policy of issuing tax free government bonds on the theory they enabled governments to carry out their proper functions.

But critics of the arbitrage bond technique countered that "investing money is not a governmental function."

So Congress wrote into the tax law a provision to deny tax exemption on municipal bonds issued solely to raise money for investments.

The language employed was so sweeping, however, that the statute now apparently covers such areas as arbitrage bonds issued to raise money to finance loans to college students, to purchase various types of mortgages or to buy land for resale to veterans.

James Dring, head of the IRS legislative and regulations division, says: "We did not mean to go nearly that far. The abuse we are trying to cure doesn't require that extreme a measure."



K. Martin Worthy, Internal Revenue's chief counsel, deals with the far-reaching policy issues that crop up in writing regulations to implement the Tax Reform Act.

Ham

Now, the IRS is puzzling over whether it can ease the law's impact through regulations, or whether additional legislation will be needed to clarify it so arbitrage bonds intended "for a valid social purpose" can continue to be tax-exempt.

Bond underwriters will need firm, clear-cut rules to know where they stand, IRS officials say.

Conflict on interest

Another problem has arisen from a possible conflict in two different sections of the law dealing with corporate debt. The House Ways and Means Committee wrote in a section to prevent claims that stock equity

issued for corporate acquisitions is really debt.

The IRS had sought authority to issue regulations clarifying the distinctions between debt and stock, so it could be determined which company payments were tax-deductible interest, and which were nondeductible dividends.

While the Committee and IRS proposals had appeared to be alternatives, both were in the tax law's final version, and "it may be difficult to reconcile them," Mr. Dring says.

Under the law's working, what is considered debt in one section might have to be considered equity in the other, he explains.

Rulings to be made on capital gains include those that will cover treating a franchisor's continuing interest in a franchised operation as ordinary income, not capital gains.

Many guidelines will be needed on foundations and the other tax-exempt organizations.

There must be detailed rules on the law's provision requiring payment of taxes on income from unrelated businesses owned by exempt organizations.

While a drug store run by a non-profit hospital is clearly related to the functions of the hospital, for example, there are many gray areas.

Regulations also will be needed to govern conversion of the multiple-corporation tax to a basis on which all jointly owned corporations will be taxed as one, with only one entity entitled to the \$25,000 exemption that now can be claimed by each of several corporations under the same ownership.

In all, the Tax Reform Act rendered obsolete at least 167 existing Internal Revenue Service regulations.

Temporary rules

In some cases, temporary regulations will be issued where needed pending final action. The temporary guides are not as detailed and are implemented without advance notice. Mr. Worthy emphasizes that they are not intended as substitutes for permanent rules.

The normal rule-making process involves publication of a "notice of proposed rule making," which opens the door to the 30 days of comments.

Such organizations as the bar association and the CPA institute are also being consulted before proposed regulations are announced officially.

The organizations produce "a tremendous amount of comment," tax officials report, and "we hold a lot of meetings with interested people."

Says Mr. Dring: "We don't draft regulations in a vacuum." But, he adds, "you can have so many meetings you don't have time for anything else."

The IRS will breathe a lot easier when all the regulations have been issued.

Whether businessmen will do the same remains to be seen. **END**

AMERICAN THE BLIND

Wake up, America.
Too many people are forced to drive blind
on highways that are lighted like graveyards.



AD

A light for a life.



Badly lighted streets and highways have helped kill 25,000 people since 1967. And maimed thousands more. It should never have happened. With proper street lighting night accidents might be reduced as much as 30 to 80%.

Another tragic thought: There's 2½ times greater chance you'll be killed driving at night than in the daytime.

So what's stopping us from lighting up America? Money?

Mr. Taxpayer, you're in the dark.

Cold facts. The American economy lost \$16½ billion in 1969 because of street accidents. Today it's even worse. But it could be stopped.

In Washington, D.C., alone they saved \$15 million in accident costs with better street lighting.

The age of the low-cost lamp. The end of excuses.

Blood and money don't mix. But the sober truth is that General Electric has high-intensity lamps that can deliver the light that might save lives by the thousands—and dollars by the millions. One example is the Lucalox® lamp—also called the world's most efficient white-light source.

It gives more light — yet costs less to run.



The GE Lucalox lamp.
America's No. 1 night fighter.

The evidence can be seen.

On New York's Avenue of the Americas it produces nearly three times more light than the previous lighting system.

This photograph shows you the difference.

N. Y. Daily News Photo



Before, who would have guessed this avenue was one block from glittering Times Square?



Now GE Lucalox lamps are on the scene. They're brighter. Safer.

In Maryland there's a story that people often forget to turn on their headlights when driving through Lucalox-lighted streets. Nobody's perfect.

Or take our De Luxe White Mercury lamp. Makes streets beautiful—actually turns everything more natural. And very economical to run.

And our long-lasting traffic lamps that make signals loud and clear. Red is red. Green is green.

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GENERAL  ELECTRIC

Corporate Ambassadors to Washington

Meet the "Rep"—his company's eyes and ears, and often its mouth, in the nation's capital

His hair is graying.

His politics are conservative.

His wife is socially inclined and a good hostess.

He has three children who no longer are young, and he lives in one of the established Maryland or Virginia suburbs that ring Washington.

He has been with his company about 18 years. For the last eight, he has run its office in the nation's capital.

He knows how Washington works, and who makes it work.

That's a composite profile of the Washington Representative, a highly skilled, keenly honed company spokesman. It fits no single individual. But it accurately portrays the average, as revealed in a detailed survey made by

This article is based on the forthcoming book, "Corporate Ambassadors to Washington," (\$5.95, The American University Center for the Study of Private Enterprise, Washington, D. C. 20016) by Robert W. Miller, director, and Jimmy D. Johnson, assistant director.

American University's Center for the Study of Private Enterprise.

In effect, the "Reps" are corporate ambassadors to Washington. They don't all carry the same title. Some have Vice President lettered on their office doors, some have Manager. But all wear the same hat.

They are the corporation's eyes and ears in Washington—and often its mouth.

Usually, they report to their firm's president or a senior vice president.

Some 300 of them work in the Federal City. In addition, they have about 3,000 assistants—full-time or part-time. Their influence far exceeds their number. And their number is growing.

Mainly, they're sources of information about what Washington is doing—or may do. Few big businesses today are immune from the consequences of those decisions.

They're also a bridge between business and government.

"One of my main missions, when I came to Washington," says a top Rep, "was to serve as a better means of communication. I wanted my people, and the government people, to get to know each other better."

They are immensely useful, their bosses report.

Asked if they felt their Washington Rep was effective, 97 per cent of company presidents said Yes. About six out of 10 said he aids one division or office more than others. But the rest reported his efforts benefit equally all divisions of the company.

All said they'd replace the man now on the job if he left.

What he makes

When the survey was made, the Washington Rep's average base salary was at least \$30,000, plus stock options, bonuses and other incentives which added another \$8,000. (He had other fringe benefits, as well—usually fully paid life insurance, with an average value of \$65,000, and fully paid hospitalization insurance.)

Some reported total income of over \$50,000 and more than one was paid over \$100,000.

The lowest reported base salary was \$14,000. Average starting salary was \$19,674.

Since the survey, federal employees

have received pay raises, which almost certainly has caused similar pay hikes for the Washington Reps. It's estimated that their average base salary today runs from \$38,000 to \$44,000.

Most have liberal expense accounts. They are expected to entertain a great deal and to live on a scale befitting the company's prestige and the prestige of those with whom they do business.

Many listed their annual expenses in the survey. These averaged \$4,170 for entertainment, \$2,900 for transportation and \$1,450 for membership fees.

Several listed only the total for their "personal" expenses. The annual average was \$10,700.

Most belong to one or more of Washington's more prestigious country clubs, such as Columbia, Congressional, Chevy Chase or Burning Tree. The company pays membership fees.

Although selling is not his main job, the Rep's know-how and contacts are valuable sales tools.

"How much have you contributed to your corporation in terms of sales?" a group of these top corporate ambassadors was asked.

The reply, on the average, was that the total came to more than \$20 million.

This sales figure was confirmed by the chief executive officers of the corporations when they were asked the same question in a later questionnaire.

What he does

In the past decade the Washington Rep's mission has undergone drastic changes, both in emphasis and scope. This is the result of two major forces: the growth of government involvement in the corporation's decision making process, and the growth of business itself.

As business has grown, so has its need for information upon which to base its decisions relative to government.

Today, there is no large American corporation that does not weigh the factor of government in any major decision it makes.

The Washington Rep's most basic
text continued on page 49

A PORTFOLIO: WASHINGTON REPS



Plan

Rodney W. Markley Jr., vice president, Washington staff, Ford Motor Co., lunching with guest at The 1925 F Street Club.

PHOTOGRAPHED BY YOICHI OKAMOTO

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A PORTFOLIO: WASHINGTON REPS *continued*



John Forney Rudy, assistant to the executive vice president, Goodyear Tire & Rubber Co., and his wife, Caroline Wadden Rudy, at their home in suburban Chevy Chase.

Blane



William R. Merriam, vice president and director, IT&T, in the board room of the corporation's Washington office.



1970

William G. Whyte, vice president, U. S. Steel Corp., chats with House Minority Whip Leslie Arends in Rep. Arends' office.

A PORTFOLIO: WASHINGTON REPS *continued*



Laurence I. Wood, vice president, General Electric Co., on the links at his country club.

Have

Corporate Ambassadors to Washington *continued*

function is to provide his company's policy-makers with information they need so they can make competent decisions about government action.

The information ranges over a wide spectrum of activities, involving all federal officials, agencies or offices that could have an impact upon the company.

In many instances, the corporate ambassador must decide what information to send. However, the normal routine is to maintain a steady flow of information on all relevant government activities.

It's used in two ways, mainly.

First, to give the company advance knowledge of any government action which may directly affect its profitability. With this information, management may alter its plans to meet a government requirement or avoid a conflict.

Second, to provide advance knowledge so that the company, through its Washington Rep or trade association, can have its say before potential government action, legislative or administrative, becomes fact.

One Rep describes his role like this:

"I am actively engaged on two fronts, fire prevention and fire fighting. If, somewhere along the line, a fire breaks out between the company and the government, my boss looks to me to put it out before it makes too much smoke.

"But the part I concentrate on is advising my company on where the potential trouble spots are, so that my boss and I can steer the company around them and stop the fire before it starts.

"I can't help thinking that a good part of my job can be justified by the old saying: 'An ounce of prevention is worth a pound of cure.' "

Fires are not all there is to the Rep's job, however.

He also acts as spokesman for his company to Legislative and Executive branch officials. This requires contacts with as many Congressmen, committee chairmen and administrators as would affect his company.

A wide circle of friends and acquaintances is, for him, like money in the bank. Much of his value to his company lies in knowing who is the right man to see or call.

To one unacquainted with the

federal bureaucracy, this might seem simple. But it isn't.

One Washington Rep likens it to "finding the rabbit trail and the rabbit at the end of it."

Says another: "I have developed special sources. I can make two or three calls and have a lot of information someone else would need a month to get."

The art of the possible

The job requires tact, skill and a sophisticated sense of what is possible in Washington.

One Washington Representative describes how he saved his company some severe reorganization expense:

"I discovered, through my contacts, that one Congressman was preparing a bill to remedy some shady practices in the stock purchase plans that some companies were offering their employees.

"We have a plan for our employees, and this bill would have caused us to revamp with a great deal of expense.

"The bill was supposed to get rid of some bad practices. And we were for those provisions. However, the way it was written hurt many of the good features of the better plans. It was an oversight.

"I immediately drafted a memo and through the Congressman's administrative assistant I was able to get those provisions rewritten.

"The Congressman was grateful, we were happy—and it was a better bill."

The Executive branch is also the source of decisions that call on all the Washington Representative's skills as a troubleshooter. One cites this example:

"Our company had on lease from the Navy a huge, horizontal drilling tool. There were only two in existence. It took several flatcars to haul one.

"Then Defense Secretary McNamara decided to put them up for sale on a closed bid.

"This would have left us high and dry. The Navy's long-standing policy had been to lease them. We had made commitments that required the tool's use for the next five years.

"Also, we were worried that a foreign buyer or broker might get his hands on them. That would have been a national loss.

"I arranged for my company's

officials to talk to the Navy Department. We met in the Pentagon, presented our case against sale of the tools—and walked out hours later with nothing.

"I was asked to see what I could do further.

"So I called an attorney I knew and he said Yes, he could help me. The man who had the real say-so had been to the lawyer's home the night before for dinner.

"The lawyer explained the facts to him—and two hours later the tools were withdrawn from the list of equipment for sale."

The Washington Representative's selling role has not diminished in those offices that have a sales responsibility. But its significance has shrunk compared to the growing importance of his intelligence gathering and his role as corporate spokesman on Capitol Hill and to Executive agencies.

However, there is no clear dividing line between these three missions. Most of the techniques used to accomplish them are similar.

A Rep's contacts lead to information about new products and services his company can provide. His knowledge of how the government buys smooths his company's bidding and avoids costly errors.

His knowledge of government needs puts him in a unique position to advise his company on nontechnical specifications, and to pinpoint the specialists required to prepare a bid properly.

A company which has a Washington Representative has a clear competitive advantage over a company which does not have one.

For example, information the Rep supplies often enables his company to prepare a bid which is more complete, and within government specifications.

One benefit is the lead time he provides on bid preparation.

How he entertains

When he steps out of a cab at the Sheraton-Carlton, or the Madison, the Mayflower or Hay-Adams, the doorman knows him. So does the maitre d'.

These and other elegant hotels, with crystal chandeliers, marble lob-

Corporate Ambassadors to Washington *continued*

bies and ankle-deep Oriental rugs, are part of his social milieu.

So are the better Washington restaurants, such as the Knife & Fork, Le Bistro, Rive Gauche, Paul Young's, Sans Souci. He spends some of his most productive hours there and at such private gathering places as the National Press Club, the Carlton Club, International Club, Army and Navy Club or the Metropolitan Club. He usually belongs to one or two.

Top Washington Representatives say one fourth of their time is spent entertaining. It would be hard to find one without a luncheon engagement.

"I never pass a noon hour without having lunch with someone," one says. "Every day, the hours between 12 and 2 are my most valuable hours."

Washington also abounds in cocktail parties, dinners and other social gatherings.

The Rep must, as a regular part of his job, attend these functions. It's not pure pleasure, but work.

"When we first came to Washington, my wife and I were on the go five nights a week," one says. "I don't mind telling you, it was hell."

"Now we don't go nearly as much. For one thing, it isn't as important to attend all the outings; we're a little more selective. For another, we just got tired."

"We leave it to the younger boys—they can take it."

The Washington Representative rides the social merry-go-round for three basic reasons.

First, if the person giving the party is of sufficient rank, he can't afford to turn the invitation down. He represents his corporation and a social snub might result in losing friendships he has worked so hard to accumulate.

Second, these parties are an ideal opportunity to meet the right persons in a social setting conducive to casual conversation. This fact is extremely important to established Washington Representatives, but even more so to the new man on the Washington scene.

Third, these gatherings are a prime source of information and present an opportunity to get a point across in a congenial atmosphere.

A Rep entertains not just Congressmen or high Administration officials,

but anyone who may be helpful to him.

"I entertain the Congressmen's administrative assistants," one says. "These are the people who do me the most good. Knowing the Congressman may help, but you always have to go through his AA."

Another has on his payroll a secretary whose main role is to entertain Congressional secretaries.

"Then when I want an appointment," he says, "she calls and says: 'Jane, this is Mary.' And Mary's boss usually gets in to see Jane's boss."

On the ball at the links

Next to the cocktail glass and tableware, the Washington Representative's most useful tools, perhaps, are woods and irons.

Being able to play golf is a prerequisite to his job. Many problems, Representatives say, are discussed and solved on the links or in the clubhouse. The golf course, like the cocktail party, is primarily a place to meet people and make friends—not seduce them.

"You don't buy people in government by fancy entertaining," one Washington Representative says in a typical comment.

"The stakes are too high. Careers and lives, not to mention programs and companies, can be ruined. It's simply not worth it."

One of the Washington Representative's valuable tools is the information he supplies to the government. This may or may not involve a problem of direct concern to his company.

He uses all the resources available to him to assist any Congressman or government official who asks his help.

He may provide his company's personnel to help iron out a technical problem. He may use his own staff to research a subject of interest to a Representative or Senator.

He does so in the hope that when he wants information, he'll be able to get it.

"My company decided to put up a new plant," one Rep says.

"I persuaded the front office not to announce its plan. Instead, we told the Congressman in whose district it would be built, and let him announce it. He looked like a hero to his constituents, and it helped us in his eyes."

The corporate ambassador to Washington uses all the legitimate levers he can to meet his objectives. His methods are bounded by two constraints: Effectiveness and propriety. His life is glamorous, but hectic.

So goes the week

Here's how weekly working hours are allocated for the average Washington Representative:

- Meeting with legislators and government officials—15 hours.
- Entertainment—10 hours.
- Meeting with company officials in Washington or at company headquarters—eight hours.
- Meeting with trade association representatives—five hours.
- Arranging interviews for company personnel in Washington—four hours.
- Cultivating the press—four hours.
- Managing office, answering letters and reading—15 hours.

Seventy-six per cent read the *Congressional Record* regularly, and 61 per cent regularly plod through the *Federal Register*.

At least one senior Washington Representative goes back to the home office every other Monday to discuss policy and update the company president on his activities.

In addition, these corporate ambassadors often meet with their peers. Some are members of the Business-Government Relations Council, restricted to 50 senior Reps, usually from larger U. S. corporations. The Council's goal is to set high standards for the profession and to improve business-government relations.

Even Reps in this group, despite their status in Washington and within the corporation, have their woes.

One, pointing to his empty office, complained bitterly that his staff had been eliminated, in an economy wave, and his role reduced to errand boy.

Another, whose office employs more than 100 assistants and secretaries, answered this complaint:

"We're all errand boys. After all, I consider myself an ambassador to Washington—and even ambassadors to foreign governments are really just errand boys for the President."

"It all depends upon the level of the job you do, and the responsibility you are handed." **END**

When the U.S. battleship *Maine* was blown up in Havana Harbor in 1898, it started more than the Spanish-American War. It helped launch a new Virginia industry.

With a new emphasis on a strong American Navy, Virginia's young shipbuilding industry began to grow.

The Trigg Shipbuilding Company was chartered in Richmond with contracts to build two torpedo boats.

The Newport News Shipbuilding and Dry Dock Company on the north Bank

of the James River near Hampton Roads became a major supplier of Naval vessels. By World War I, it had constructed approximately 20 percent of the total U.S. Navy ship tonnage. Today it's the world's largest privately owned shipbuilder.

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When Businessmen Sparked a Revolution

Private enterprise
was of vast importance
in the America of 1776

December nights are cold in Boston, especially out on the water where whistling winds tear at a man's clothing and chill him to the bone.

A man would need an impelling reason to be in Boston Harbor on one of those nights, particularly if he feared that what he was doing was revolution.

A group of Massachusetts men had that fear nearly 200 years ago when they climbed aboard three English tea brigs—*Beaver*, *Dartmouth* and *Eleonor*—at Griffin's Wharf and threw 342 chests of Ceylon, India and Darjeeling leaves into waters which were polluted even then.

They also had an impelling reason: They were at their wits' end trying to live under the oppressive rule of a king 3,000 miles away in London.

There were 25 or 30 men, decked

out as Indians, and no one knows today who all of them were. A few are known.

In addition to political firebrands, there were businessmen.

Lendall Pitts, wealthy son of a merchant and a businessman himself, led the efficient, businesslike attack. He was first to rip open a case of tea sent from England by Davison, Newman & Co. and the East India Co. Paul Revere, owner of a silversmith business, was just behind.

Another "Indian" was businessman George Hewes. Still another was John Hancock, later of Declaration of Independence signing fame, who had ships, companies and stores.

Hundreds of other prominent businessmen would soon take part in an uprising against the king, for this was the start of a movement in which businessmen and radicals joined.

We soon will be celebrating the American Revolution's 200th anniversary and before we begin it would be appropriate for the nation's businessmen to know more of the vital role played by their counterparts, the colonial businessmen, in starting and winning the war against Britain.

Without those businessmen, and

the money they supplied, there would have been no Revolutionary War for us to celebrate. Politicians such as Samuel Adams, Thomas Jefferson, Patrick Henry and George Mason had been agitating in favor of forcing Britain to change her ways. But not until businessmen joined them did the cause leap forward.

One war leads to another

Most issues which led to the war were economic. They began coming to a head in 1763 at the close of the French and Indian War—13 years before independence was declared.

Britain claimed that the French and Indian War was fought largely on behalf of the colonists. Therefore, King George III's advisers said, the colonies should foot most of the bills.

Furthermore, Britain said, colonists should billet military forces which protected them. There was compulsory billeting in private homes.

Animosities quickly increased up and down the seaboard. Tories began turning into Whigs, moderates became radicals. That same year of 1763, Britain drew a "Proclamation Line" from north to south near the Appalachian Mountains.

Associate Editor Sterling G. Slappey gathered material for this article from scholarly theses, from researchers and restorationists at Williamsburg, Va., from government records, from company executives, from books, and from history professors, notably Stuart Bruchey of Columbia University and James P. Baughman of Harvard.



As much colonial business was conducted on footpaths as inside shops and offices. Favorite sites for transactions were outside taverns, or as in this Williamsburg re-enactment, outside shops.

Long felt "Williamsburg" PA

Colonies along the seaboard were not permitted to claim land west of the line, though at the time some of them claimed territory all the way to the Pacific. Land speculation, a tremendous business, suddenly was ended as Britain herself claimed title. This shut off a dozen companies, including George Washington's Ohio Co. It meant that Southern tobacco planters could not move west for fresh land after their crops of the "bewitching vegetable" exhausted the soil of the seaboard.

Southerners and Middle Colonists were infuriated.

The Sugar Act of 1764, Stamp Act of 1765 and Townshend Acts of 1767, although soon repealed, fanned resentment, especially in New England and the Middle Colonies, where import and export businesses flourished. Until this period many British taxes were ignored. Now, Britain was bent on enforcing them.

There was the "Enumerated Commodities" list of items which could be shipped only in British or colonial ships, and only to Britain. This shut off trade in such items as tobacco, sugar and indigo between the remainder of the world and Ports-

mouth, Boston, Newport, New York, Philadelphia, Wilmington, Baltimore, Norfolk, Charleston and Savannah. France and Holland, sworn enemies of Britain but natural trading partners for the colonies, were specifically barred from commerce with them.

Between 1760 and 1765 Britain sent out scores of corrupt political hacks to serve as customs officials. Bribes became necessary. To get around these customs men, as well as restrictive trade laws, hundreds of colonial businessmen, including John Hancock, Robert Morris of Philadelphia and Henry Laurens of South Carolina, increasingly went in for smuggling.

Britain shut the port of Boston after the Tea Party and the city faced starvation and business ruin. This hurt Britain's standing from New Hampshire to Georgia. Other colonies smuggled food and goods to the Bostonians. Daily, loyalists turned into revolutionists.

Debt and depression

A long depression settled over Europe and the colonies in the years leading up to 1776. Southern tobacco planters, who were the most loyal of

colonists, found themselves deep in debt to English factors, tobacco buyers, indigo merchants and banks.

There wasn't a single bank in the colonies, though nearly every transaction was based on credit. Southern discontent increased as debt soared for purchases of woolens, furniture, chinaware, wines and Irish linen which had been sent from London on order. Southerners felt the system was rigged against them; they weren't wrong.

Few companies remain today from the 1763-1776 period.

One reason is that there were few corporations in those days. Most businesses were partnerships or proprietorships which ceased with the death of a partner.

Of companies that survive, in one form or another, most have entirely different names due to changes and mergers over the decades.

Two names that have endured go back to men who fled religious persecution in France.

P. Lorillard Co., one of the nation's leading tobacco firms, was founded by a French Huguenot, Pierre Lorillard, who set up a "manufactory" on Chatham St. (now Park Row) in New



Mementos of past and present flank John H. Eienberg, chairman and chief executive officer of Revere Copper and Brass. At left: a portrait of company founder Paul Revere. At right: a spike he made for a U. S. frigate, and a modern sculpture made of Revere industrial rods, sheet and tubing.

When Businessmen Sparked a Revolution *continued*

York City in 1760. His sons, Peter and George, carried on the business after he was killed by Hessian troops.

Apollos Rivoire was another of the thousands of Protestants who emigrated from Catholic France. He came to Boston, got a job as a silversmith, changed his name to Paul Revere and fathered Paul Revere Jr. The son built a prosperous silversmith business, and became a handyman of the Revolution. Today, Revere Copper and Brass, Inc., of New York, is a descendant of a company he founded.

Just before the war the colonies were well supplied with businessmen.

Jeremiah Wadsworth of Hartford, Conn., helped raise money and equipment for Washington's and Nathanael Greene's armies.

Richard Harrison was Continental agent on the French island of Martinique and Abraham van Bibber was an agent for Maryland at the Dutch port of St. Eustatia, also in the Caribbean. By every hook and crook, they got supplies from Europe through to American forces.

John Hancock inherited great

wealth from an uncle and, although he lost much of it, remained an important New England businessman throughout his lifetime. He dealt in whale oil, codfish, lumber; he was a major book handler and he smuggled so much into Boston that he was known as "Prince of Smugglers."

Moderates and militants

He and Henry Laurens, a fellow millionaire, were singled out for British harassment. Time and again, their ships would be stopped and cargoes confiscated for no known reason. They were taxed extra heavily. The English made it hard for them to get insurance. Yet for years they remained moderates, more concerned with making England change than with open revolt.

Others became early revolutionaries—Silas Deane of Wethersfield, Conn., who with Franklin represented the Continental Congress in Europe; Girard of Philadelphia; Cabots, Parker and Otis of Massachusetts; Duer, the Livingstons and Simeon Dean of New York.

Colonial businessmen, just before

the war, admired for their business acumen such men as Sir William Pepperrell of Massachusetts who became the first native American to be knighted. He was the colonies' richest man, owning sawmills, fisheries, shipyards and a rum distillery. One of his principal enterprises was supplying tall, straight trees to the Royal Navy for masts.

Sir William may have been admired for his business ability, but eventually he was not admired for his politics. He and his family turned out to be loyalists. His estates were broken up, never to be restored.

(Hundreds of businesses belonging to Tories were confiscated after the war. Often, the owners fled to Canada or England leaving all their holdings behind. One very large loyalist company which failed to survive the war was Jamieson, Campbell, Calvert and Co. of Norfolk. Ledger books of 1770 show the firm was a major shipbuilder, distiller, tanner and general merchandiser.)

Peter Faneuil was a commission merchant—taking sizable cuts off the top for every transaction he



William L. Day, as chairman of First Pennsylvania Banking and Trust Co., is a business descendant of Robert Morris, founder of our first bank. Morris's Bank of North America helped to finance the Revolutionary War and although he died broke it survived until taken over by First Pennsylvania.

handled. He gave credit to Boston merchants at big discounts and he bought heavily in ship shares.

Richard Derby of Salem, Mass., was a shipping magnate who traded with West Indies merchants for fish, lumber, sugar, molasses, claret wine and cotton. And he was a patriot who helped supply cannon to colonial forces.

The Browns of Providence, who gave their name to Brown University, were merchants, ship owners, iron manufacturers, rum distillers, slaughterhouse operators, money handlers and the biggest candlemakers in the colonies. Some Brown property is still in the hands of descendants.

Benjamin Franklin became rich after he moved from Boston to Philadelphia. He, too, was a businessman—a stove-maker, printer and economic adviser.

Southern colonies had many planter-businessmen. Operating plantations was very big business in which Laurens, Robert "King" Carter, the Byrds and the Fitzhughs excelled. Washington, in addition to being a planter, owned parts of Ocoquan Forge, Principio Iron Works and a cooperage firm. He also was

a flour merchant, and a land speculator who once tried to drain Virginia's Great Dismal Swamp for commercial usage.

Summer soldiers

Businessmen were as patriotic as the next men during the war. But lines were not clearly defined in those days.

Brave soldiers would desert Washington's army for a time, then return. South Carolina might withdraw all her troops in defiance of the Continental Congress.

And, in this vein, men would do business with both sides. New Yorkers, living much of the war under British occupation, managed to continue to deal with the Continentals, exacting a high price. At the same time, they were dealing with the British and getting an even better price.

Men were not as high minded on some occasions as they might be on others. They were adept at overpricing items sold for use by Washington's struggling army—yet they sent their sons to fight with Washington.

Businessmen had come up through the freewheeling colonial community

in which they had to learn to cut corners and outwit the British or go out of business. Therefore, resistance was weak during the war toward misweighing goods belonging to Congress, preparing false bills of exchange and shifting losses to Congress from private accounts.

If a thorough study could be made of only one colonial businessman who turned revolutionist, Robert Morris might well be the subject.

He was born in Liverpool, son of an English tobacco merchant. In the New World he made a fortune as a commission agent, and in buying and selling flour, wheat, salt, lemons, wine, rum and molasses. He built ships, loaded them with goods, and sent them to the West Indies where he sold ships and cargo. He dealt in real estate and underwrote insurance. He knew how to mobilize credit when there was no money.

Politically, he was moderate until the British drove him to extremism. He had learned, like so many other colonial businessmen, how to operate under the British system and make it work for him.

For this reason he was not initially ready for revolution, but when he

When Businessmen Sparked a Revolution *continued*

changed his mind he never looked back. "I am content to run all hazards," he said.

He became a member of the Continental Congress, signed the Declaration of Independence.

He was a patriot, but at the same time he missed few chances to make money for Robert Morris. Two privateer captains, Ord and LeMaire, were on Morris's payroll. They took many British ships as prizes, while other Morris ships carried scores of cargoes to the West Indies. Morris was involved in conflicts of interest where his own property and that of Congress, which he represented as superintendent of finance and purchasing agent, became practically interchangeable. Once or twice when the Royal Navy stopped his shipping, cargo losses somehow became chargeable to the Continental Congress.

And yet, repeatedly during the war he used his own funds and his own lines of credit on behalf of Congress and to get military supplies for his friend, Washington.

Once, when Pennsylvania farmers held back their flour for better prices, Morris told them, "If we lose the war, you lose your flour." He got the flour at the cheaper price.

After Washington helped him get the appointment as superintendent of finance, Morris set up the Bank of North America, first bank in the country, in 1781 to hold the government's meager deposits. (The Bank of North America is now part of the First Pennsylvania Banking and Trust Co.) The move saved the Continentals from economic ruin.

Morris overreached on real estate after the war and spent most of his last years in debtor's prison.

Places of business

The business role of many a location in the Revolutionary period has faded or changed.

One of the great tobacco ports for the Middle Colonies was Alexandria, Va. Quakers set up flour mills in 1740 in the Wilmington, Del., area. George Washington surveyed western Virginia, Pennsylvania and part of Ohio with the idea of running a barge canal from the James River to the Ohio. After the war he succeeded part of the way and his James River

Co. became an ancestor of the Chesapeake and Ohio Railway Co., which built along the canal, on its right of way.

New Englanders turned out thousands of pieces of "venture furniture" which ship captains bought and took south to sell to planters. Speculating that lovely colonial pieces would bring high prices wasn't risky because Southerners had the taste for elegance plus the tobacco and indigo to swap for it.

Eastern Pennsylvania was very early a center for forges, although every community or plantation with coal deposits or located near a stand of hardwood had a "furnace" for charcoal and for making and repairing metal objects. Businessmen would buy a fourteenth or sixteenth share in famous forges such as "The Pool" and "Paschal Foundry."

Largest items made in the colonies were, of course, ships. They were turned out in the hundreds, particularly in New England. Wagon and carriage making got many businessmen started toward fortunes which exist to this day.

Williamsburg, Va., today not only is a fine tourist attraction, but also provides a quick education in colonial business. In the restored town are businessmen and craftsmen doing what their predecessors did 200 years ago—operating shoemaking plants, running saddleries, chandleries, farm implement establishments, basketmaking shops, gun and silver smithies.

Slave trading was one thriving business at the time of the Revolu-

tion which leaves a bitter taste in American mouths today. Boston and Newport, R. I., were home ports for American slave ships while Liverpool and Bristol were homes for English slavers. Businessmen in those and other cities supplied practically all of the money, credit, tobacco, indigo, rum, molasses and cotton which went into the trade for Negroes. Goods were usually paid over to a tribal chieftain for blacks who had been captured during African wars or otherwise rounded up by African leaders.

The "Triangle Trade" involved shipments of slaves from Africa to the Indies, where they would be exchanged for molasses and sugar. Those cargoes would be taken to such home ports as Boston and Newport and exchanged for rum and other commodities which would be taken to Liverpool and Bristol, or to Africa. There the triangle would begin again with slaves.

The first William Byrd of Virginia—founder of a family which includes U. S. Sen. Harry F. Byrd Jr.—was a merchant, fur trader, tannery operator and coal mine owner; and he bought slaves from the New Englanders in lots of 500.

Chain stores 200 years ago

We think today of chain department stores as a modern development. Two hundred years ago Scottish-American merchants set up chain stores where general merchandise would be sold or exchanged for tobacco. They even had their own oceangoing fleets.

Our longest-lived companies

Ever since 1702, members of the Rhoads family of Philadelphia and Wilmington, Del., have manufactured leather belting and operated a tannery. This makes J. E. Rhoads & Sons the oldest existing company in the United States. Company headquarters, now in Wilmington, were near Independence Hall in Philadelphia until their site was cleared for restoration a few years ago.

America's second oldest firm—

it was founded in 1717—is Presbyterian Ministers' Fund of Philadelphia, a life insurance company which now provides coverage for any pastor, priest or rabbi. First name was "Fund for Pious Uses" which was changed to "Corporation for the Relief of Poor and Distressed Ministers and of the Poor and Distressed Widows and Children of Ministers." There is no corporate connection with the Presbyterian Church.

William Allason and Co. of Falmouth, Va., ran a chain which survived the war for many years. A Glasgow firm, Cuninghame, operated seven stores in Maryland and 14 in Virginia.

These stores and every other business in the colonies were retarded by the shortage of "ready money"—a colonial expression which meant cash. Few coins circulated and when someone would use a handful to pay for a purchase, they would invariably include Portuguese "johannes," "half-joes," "moidores," French "pistols," Spanish "reals" and "milled dollars," which were the legendary "pieces of eight."

There was some cash of English origin and each colony had some of its own.

Whenever coins turned up in a transaction they were weighed, because coins wear thinner with usage and a thin one wasn't worth what a new one was.

It was common for a merchant to demand "specie" (coins) after a purchase, but to settle for barter or credit. In the absence of coins or paper money, businessmen circulated "I.O.U.'s" they held on other businessmen.

Advertisements in 200-year-old newspapers tell us sales and auctions were held, not in offices or warehouses, but on footpaths outside "ordinaries" (taverns). Pharmaceutical ads tell of "elixirs, ointments, potents, compleat setts of physick tools, balsams, decoctions, electuaries, emplaisters, extracts, infusions, liquors, magisteries, oils."

One well worked line: "Our carriages for sale as cheap as in London." Another: "As well made as those from England."

The businessman's luncheon club goes back to private rooms set aside for "members" in such historic taverns as Raleigh's and the King's Arms in Williamsburg, Gadsby's, which was George Washington's favorite in Alexandria, and in clusters of taverns in Boston, Philadelphia and Newport, many of them unimaginatively given the same name, "City Tavern."

In these private rooms financial and political news was swapped between members over grog and game. When a member came back from a

trip to England, all members gathered to hear the latest from "abroad." Often, members would buy shares over luncheon in forges, or "one-thirty-second interest in Capt. McAndrews' brig bound for the Indies." Or they would underwrite insurance on a sloop and her cargo simply by signing their names on a sheet of paper with the proportion of coverage they wanted to take.

Little book learning

Young men going into business today have a multitude of schools, courses and books on business to choose among. Two hundred years ago about the only way to learn business was to start low and work upward. Sons of wealthy company owners usually were turned over to a friend in another firm for training.

Occasionally, young men were sent to study at Oxford or Cambridge, or The College of William and Mary, or Harvard or Yale. But formal higher education was far from common.

Only a few business books were available for study. Two were "Book-keeping Methodized," which went

through nine editions, and "A Guide to Book Keeper Accounting in the Italian Manner," first published in London in 1729.

A good bookkeeper was a treasure for a company, to be guarded and kept happy so other companies could not entice him. A bookkeeping room often was referred to as "The Throne Room."

All of this—and so very much more—was taking place 200 years ago and so little of the details are now known. Courthouse and business section conflagrations, the Civil War, the bulldozer, and pure lack of interest have denied much information to us. (A tavern where Jefferson lived for a time in Philadelphia while working on the Declaration of Independence was knocked down several years ago to make room for a parking lot.)

What details there are, however, point up the fact that despite the great differences between the America of 1970 and the America of 1776, there are great similarities in the importance to both of business and businessmen. **END**



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The new Hughes 500 is the world's fastest light-turbine helicopter. Outhauls a pickup (1450 lbs.). Flies five men all the way at 150 mph. Lands in 35-ft. circle. Yet this top performer costs less than any other light turbine. Actually pays for itself by getting high-priced manpower and high-priority cargo there sooner. For more facts, write: Mr. R. C. Kirkland, National Sales Mgr., Hughes Helicopters, Box 60209-A, Los Angeles, Ca. 90060.

Hughes Helicopters

BUSINESS

A LOOK AHEAD

AGRICULTURE

A technique employed in desalting sea water may pay off in cost savings and product improvement for a basic ingredient of processed foods.

The ingredient is the lowly egg white, required by food manufacturers for baking and other products; 236 million pounds were used in 1967, a third frozen, 5 per cent fresh and the rest dried.

Egg whites are 60 per cent water and contain other substances of no value, arguing for some sort of processing to yield the usable residue without the necessity for

packaging, storing and transporting the waste.

Freeze drying is expensive, and spray drying damages the protein content, which causes a loss of whipping properties and therefore requires use of additives.

Agriculture Department scientists in California have tested reverse osmosis, wherein pressure forces the water through a membrane, as a means of purifying egg whites. This process makes it easier and more economical to subject the refined product to freeze drying.

CONSTRUCTION

More than a million acres of land are transformed each year because of housing, business, road and reservoir construction. And that ain't hay. Or grass either, for that matter, which brings us to the problem.

Soil erosion increasingly is becoming a matter of concern. Not only does it lead to stream pollution but it causes unsightly gulying of new residential and commercial sites, if not actual danger to structures themselves.

Scientists have been experimenting for years with various ways of stabilizing bare

soil, including such methods as spraying with asphalt or spun glass.

But research at Purdue University has shown that to date the best means devised calls for seeding bare areas with fast-growing grasses plus a surface mulch, bringing in topsoil where needed.

Tests measuring loss of soil and water from denuded areas—8,000 cubic yards of sedimentation from a 40-acre tract during one simulated "storm"—showed better than 75 per cent surface soil retention through the seed-and-mulch method.

CREDIT AND FINANCE

The banking industry appears determined to play a greater role in attacking urban problems.

The commitment involves more than the \$1 billion in "soft" loans pledged through 1975 for minority business borrowers not meeting conventional credit standards.

An American Bankers Association survey shows that banks have been lending at the rate of \$97 million a year for minority business; but of this, \$37 million has been in the conventional category. (Much of the remainder has been with some form of government assistance.)

The same survey, says a key banking source, alerted many top executives to the fact that their own banks were not doing as much in this area as had been believed.

There have been suggestions that some sectors of business have cooled in their enthusiasm for a larger social role. Not the banks, says this source. "It's certainly not a turnoff. It's a turn-on."

Lending impetus to this trend are poll results indicating that the public regards the banking industry as performing its financial function well but playing no significant role in the community at large.

FOREIGN TRADE

Long-range outlook for commerce with the communists is for gradual removal of barriers, expansion of trade with more and more countries.

That's the view of observers who cite the comparative absence of adverse reaction to the government's initial relaxation of restrictions on trade with Red China.

First step has been to allow some trading

with China by foreign subsidiaries of U. S. firms; next logical step would be direct dealings by U. S.-based companies.

Greatest expansion, in this view, would thus come in Asia.

A later development would be expansion of trade with Eastern Europe, where only Poland and Yugoslavia now have most-favored-nation status.

MANUFACTURING

The plastics industry is gearing up to assure that disposal of containers and other end products do not contribute to air pollution.

The industry is predicting continued explosive growth. For example, one executive recently predicted that in the bottle industry alone, the volume for food products will top one billion by 1975, a 15-fold increase over the current level.

Plastics already have been singled out—unfairly, in the industry's view—for contribution of pollutants to the air as a result of

refuse incineration. "Since we intend to sell much more in the years ahead," says Kenneth G. Michel, general manager of Continental Can Co.'s plastic container division, "we are already committed to finding solutions for plastics waste management."

The industry feels that clean air standards will require control equipment for incinerator emissions of all kinds.

It is backing long-range studies of the effect of various types of plastics on incinerator operation to assure that emission controls work.

MARKETING

Motorola is predicting that marketing will be a major use for a new type of TV cartridge.

The company is bringing out a system known as EVR (electronic video recording) whereby cartridge-contained magnetic tracks can be played on a standard television set.

Developed by CBS, the system is slated for use in industrial training, schools and

community antenna television hookups, and eventually for home entertainment.

Motorola saw the system's potential as a sales tool early in the game. But initial development was limited to black and white.

Now, color capability has been developed, and company officials see a bright future in marketing for EVR.

NATURAL RESOURCES

Scrap has become an increasingly significant source of raw material for the copper industry, and its importance is likely to continue to rise.

In 1961, scrap accounted for 14 per cent of the 1.9 million tons of U. S.-refined copper. By government estimates for this year, its share has grown to 19 per cent of a larger total—2.4 million tons.

Industry officials note, moreover, that as

much as another million tons of scrap are used by brass mills, meaning that scrap accounts for almost half of current total consumption of 3.2 million tons.

Ian MacGregor, chairman and chief executive officer, American Metal Climax, Inc., recently noted that new sources of primary copper in North America will be more expensive, making scrap recovery "critically and increasingly important."

TRANSPORTATION

Improvements in transportation via containers will depend as much in future years on public policy as on new technology.

That is the implication of recent observations by Interstate Commerce Commission member John W. Bush, who foresees a decade of change in the field.

One goal is a joint container pool, wherein participating railroads, steamship companies and equipment leasing firms would incur the

same charge for movement of empty containers, whoever the owner.

A so-called Equipment Interchange bill has repeatedly been introduced in Congress to promote such an arrangement, but has not been enacted.

The Commission has under consideration a proposal to permit carriers of various types to file joint through rates for goods moving in international trade.

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Or use them in your service area. Leave one in the car for people to wipe off the steering wheel—just in case your mechanic forgot. The cost for all this interest? Really very low.

Make a name for yourself. Here's how to be a name-dropper all through dinner. Order your placemats, napkins, coasters or beverage napkins with your name or design on them—just like you would your menu cover.

Looking for a faster way to make an impression? Try our stock monogrammed table service. We'll deliver it even faster. Say, ten days.

For safety's sake. Safety is a habit, not just a hard-hat. So why not make it a habit to



and we'll give you program.

order your cafeteria napkins printed with safety reminders.

The cost? Only pennies. And they just might remind someone to



prevent an accident.

Be Entertaining. Sure your food is worth the wait. But why not

give them something to do while they're waiting?

Your service will seem faster if you keep your guests occupied with a game placemat. And if yours is a family place,



a game is a sure-fire way to keep the youngsters amused.

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Eric Drake of BP

Making a splash in the U.S. market

Rarely in the history of any industry, company or man has there been anything resembling the way The British Petroleum Co. Ltd. and Eric Drake burst upon the American scene.

Mr. Drake became chairman—his role is that of both a president and board chairman in an American company—of BP in January, 1969. Five weeks later BP bought 8,000 service stations and two refineries of the old Sinclair Oil Corp. in the United States.

Two weeks later BP struck oil on Alaska's North Slope in quantities equaling some of the great strikes in Texas, Oklahoma, California and the Middle East. During the early summer more oil was found in Alaska.

Last autumn, after great tribulation, the Justice Department backed off from antitrust proceedings against BP and allowed Mr. Drake to head into a major take-over. BP quickly bought 25 per cent of The Standard Oil Co. of Ohio. Eventually, it will have 54 per cent.

All of this makes BP a major American company and Eric Drake a very major figure in our business scene.

What is BP? It is one of the world's largest companies, third biggest outside the United States. It has more than 20 per cent of the world's proven oil reserves—which is more than any American company has.

Who is Eric Drake?

He's a tall Englishman with thinning blond hair who loves sailing as much as he loves oil.

And he's given to classic English understatement which leads him, in answer to the question, "How much oil does BP have?" to say simply: "We've got oil."

Eric Drake, a doctor's son who studied law and accounting, is the top man at BP, and make no mistake about that.

His permanent command post is an eight-sided table in a large office on the thirty-first floor of BP's main headquarters in The City of London, where a NATION'S BUSINESS editor interviewed him.

Mr. Drake loves nearly every minute of directing a \$5.5-billion-a-year company.

He's 59 now, constantly smokes a pipe, refuses to take work home with him except in most unusual circum-

stances, and likes to recall his undergraduate days at Cambridge.

"I am not a terribly ambitious person," Mr. Drake enjoys saying. But what ambitions can he still have in the business world?

Mr. Drake, in measuring time we've had A.D. and B.C. Can we now look for BP in view of your recent giant moves into the American market?

B.C., A.D., BP—sounds very good. Let's use that.

Just what have you and BP been doing in America?

It started in the last months of 1968 when we had an opportunity to buy part of the Sinclair network of petrol stations—or I should say gasoline stations—in the States on a favorable deferred payment plan. We felt we were going to strike oil up in Alaska, so in a way BP bought the shop before we brought in the oil production. It wasn't too big a gamble because we were pretty certain of what we'd get in Alaska and this soon was confirmed when we did strike oil.

I think we startled ourselves by

Lessons of Leadership: Eric Drake *continued*

Harry Lauder

how much oil we had struck. With our new network of retail stations and our oil underground in Alaska, we had the problem of putting the whole thing together. We had to move the oil from the northern seaboard one way or another into the service stations we had acquired at the other end of the immense North American continent. And, we hadn't got any money in the U. S. We're talking of really big money—this isn't just chicken feed.

Not only were we lacking in money, but we were also very conscious that the United States is the birthplace of the petroleum industry, and the headquarters of oil know-how.

The home office of nearly all major oil companies of the world are situated in New York, Pittsburgh, Cleveland, San Francisco and so on. The States are the mecca of the oil companies.

We were intending to go and sell stuff on the doorstep of the people who know more about it than anyone else, so we cast around to see who was the most reputable, the most able, the finest marketer in the United States whom we could join.

We were very fortunate in finding a company, Standard Oil of Ohio, who exactly matched our needs. Sohio had virtually no sources of oil, but had a wonderful reputation, and a keen and lively management. Integrity and honesty were second to none.

Also—I've never believed that it would be right for us to go into the United States except against a background of United States stockholders. There were the ready-made stockholders.

I've been criticized sometimes for not saying, "Out with everybody else; BP will do this alone." But imagine how long and how difficult it would have been if we hadn't agreed to make a deal with someone who lives in the U. S. A.

After this huge leap into the U. S. retail market, what are prospects for the next few years?

I would say we've got a period of consolidation for a year or two now. We've got to, in partnership with the other companies who have oil on the North Slope, build pipelines—a giant technical task.



BP's modern skyscraper home—Britannic House, Moor Lane—stands above its previous headquarters—Britannic House, Finsbury Circus. The location is The City of London, where so many modern business ideas were born.

You are going to have more Britons in North America doing various jobs now. Are you preparing them for the problems of doing business with Americans?

We haven't got a great number of British people going there. We did have to run affairs during the gap between getting Sinclair and joining up with Sohio. And we found the Americans extraordinarily easy to get on with; relations have been marvellous.

Now, there are not very many British involved in this operation. It's being managed by Sohio, who have American staffs.

Anyway, I've never thought this is a problem—I think they get on extraordinarily well together, the British and Americans. I don't think anyone ever thinks about the old sort of stage Englishman, with a funny accent and all that, anymore.

Sohio will run the old Sinclair stations?

Yes, they're running everything, but we—BP—are managing the ex-

ploration side on behalf of Sohio. The actual marketing is being done by Sohio.

BP is the major crude oil producer in areas of the Middle East and Africa which are trouble spots, or potential trouble spots. Now you're in North America in a big way. Is this an anchor to windward in case of further trouble?

It doesn't affect the issue at all. Our American operations are completely independent of the Middle East. The world, including America, is going to want Middle East oil in the years that lie ahead. And I suppose as the major concessionaire in the Middle East this is of interest to us. But on the immediate short term the American project is based on marketing American oil in North America. America is a far more attractive market for American oil than Europe.

BP has always taken a rather more relaxed view about the Middle East than everybody else. This is probably historical. I personally went through the Abadan crisis in Iran in the early 1950's. Virtually the whole of BP ran

on Iranian oil at that time. For three years that supply was shut off due to the dispute with Dr. [Mohammed] Mossadegh. The effect on our company, oddly enough, even though we had to go out and buy our oil for three years was electric.

We made tremendous advances. We spread out. Now, in contrast, we derive our oil from Kuwait, Iraq, Nigeria, Libya, the Gulf sheikdoms, Alaska and so on. The security we have is like a man wearing four belts and three pairs of suspenders. His trousers won't fall, you can be sure.

So, why everybody gets so worked up when one country or another, or even two or three at a time, have an argument, I cannot imagine. You may say that all the Arabs together might decide, as they did decide for a short time, to limit production in their countries. But they've got to eat the same as we have and oil helps feed them.

Mr. Drake, Her Majesty's Government owns 49 per cent of BP stock and appoints two members to your board of directors. American businessmen know little of such a government-private setup as this. Would you tell us how it operates, and how you feel about it?

First of all, you must know how it came about.

Winston Churchill, when he was First Lord of the Admiralty in 1914, thought our shortage of fuel oil for the Royal Navy was a source of weakness.

So he was largely responsible for the government investment—over 50 per cent at that time—in our company, which was then known as Anglo-Persian Oil Co. At the same time the government put two directors on our board. It was settled very quickly that there would be no interference with our commercial affairs.

This situation has gone on ever since and has been a happy arrangement. The government has always made a point of appointing very good men to our board who have been a tremendous help—as much help as any other director of BP. Secondly, successive governments have kept their word about not interfering in our affairs.

So for all intents and purposes we are the same as any other stock company.

The only disadvantage has been that under regulations in certain countries, a company controlled by a foreign government may have trouble getting concessions. This again has been overcome, partly, I think, by the small reduction in our government's share from 51 to 49 per cent, and partly because the message is at last beginning to get home that in fact the British government does not interfere in company affairs.

It suits us both, in fact, because when someone raises a question in the House of Commons such as, "Why has BP gone and bought ships in Sweden instead of in Britain?" the Minister concerned says, "Her Majesty's Government has no control over the commercial activities of British Petroleum."

Another point is that nowadays the governments tend to control things so much—the United States government does, too—that whether or not we are actually physically nationalized, so to speak, you've got people in the government saying you can do this and you can't do that. Whether this is done through shareholding or statutory regulation is really neither here nor there.

Technically, you're not a nationalized company are you?

No, we're not, of course.

May I just add a rider to all of this. The initial government investment was two million pounds. This is worth 800 million pounds, now—roughly \$2 billion. Sir Winston invested well.

What is BP doing to prepare for the blast of criticism that is building up on air and water pollution?

I suppose the Archangel Gabriel himself could not avoid a certain amount of criticism. We have always been leaders in combating pollution. Our record of preserving, or not interfering with, the environment where we work is second to none.

For example, we've spent millions extra putting in oil tanks that can't be seen because the place has got a certain natural beauty. I think we were a little bit taken by surprise by

the feeling that this was almost a new subject in the States. I know there has been muttering about air pollution in California and now there is much talk about conserving the natural wilderness of Alaska.

My sympathies are very much with the preservation of flora and fauna, especially in Alaska. And as I was moved about the caribou, and since I'm not an expert on them, I asked Peter Scott, the well-known naturalist, to go out and tell me what really was going on. This report and those of other experts are reassuring.

Your hobby is sailing, so as a sailor as well as an oilman can you discuss briefly the difficulties and advantages of putting an oil tanker through the Northwest Passage to Alaska?

Well, I'm bound to say—and I hope my friends in Humble Oil won't mind my saying so—that I have never been tremendously optimistic about the project of breaking down the ice in the Northwest Passage. Humble Oil is fond of the plan. I admire the imagination and resourcefulness that enables Americans to say, "We're not going to be licked by any problem; off we go, let's try it." And indeed BP has made a contribution to the ice-breaking plan.

But our marine experts believe that moving oil under the ice will probably come as soon as moving oil through the ice.

You mean by a type of submarine?

Yes. But I said that in a talk about 15 years ago in London, and I was horrified to find the headlines in the papers: "Mr. Drake says tanker submarines arriving any moment." We're talking 20 years ahead.

Mr. Drake, you've worked in a lot of places and done a lot of things. Could you tell us something about your career?

I don't think anyone would be particularly interested. How dull!

Well, I joined the company in 1935, and went out to Iran about a couple of years later. I worked in Iran right through the war and in neighboring countries—Iraq, India, Syria. I lived in those countries for the best part of 14 years. I did practically every job, other than purely technical ones,

Lessons of Leadership: Eric Drake *continued*

in the oil business—personnel work, administrative work, concessionary work, commercial management and so on. In 1950 I was appointed general manager of BP in Iran and Iraq, which was probably the biggest company job abroad. In 1951, as you know, we were forced out by Mossadegh and in 1952 I went to the United States as the representative of BP.

In '54 I came back to the London office and a year or two after that we made our first attempt to get into marketing in the United States.

We made a very loose arrangement with Sinclair Oil by which we would provide the oil and they would provide the market and it looked as though it was going to be rather good. Then, you will recall, the quota system came into force, which tended to put a fence round the American market and shut out Middle East oil. So that arrangement came to a grinding halt.

About 1959 we turned our thoughts to Alaska. Except for the United States Navy we were the first, I think, to go to Alaska. So you know it's not altogether unfair that we've found rather a lot of Alaskan oil.

In '58 I was made a managing director, and in '62 I became a deputy chairman. Last year I became chairman.

Weren't you nearly sacked once from your job?

I'm glad to hear you say "once." I would have thought more than that! I rather suspect that anybody who is making any progress risks being sacked. It stands to reason—if the man you're working under doesn't want to be prodded into activity, his first thought is how to get rid of you!

You have said that all of a company's failures and successes can be traced directly to individual staff. What about a thing called luck?

Well, staff members themselves need a bit of luck, don't they? But I think that if you look at any venture which has come off well, it is because someone had the imagination to press it, to work it out.

You might say that if you have money you can do something. But

what are you going to do with your money unless someone has thought out how to use it? You may say it's not the individual staff who found oil in Alaska. But someone did get down to it and did a bit of thinking and worked out that it was one of the last places in the world where it was worth having a go. So it does come back to staff.

What are your relationships with BP employees?

I think probably one of the most important things is that the people who work for you must feel their affairs are being guided by someone in whom they have confidence.

Secondly I've always admired tremendously the accessibility of American business executives; no matter how important they are, with a carpet on the floor and a great title on the door, Americans always make a point of having an open door. I don't think it's quite so open as some of them would pretend, otherwise they'd have no time to get on with the job. But I think one's always got to be prepared to talk to anybody who really wants to talk, and that isn't only with your own people. I think one's always got to be prepared to discuss the company's views on any subject.

You use a table instead of an office desk. Why?

When BP first moved into a building of our own in about 1923, we had Sir Edward Lutyens, the famous architect, design Britannic House in Finsbury Circus here in London. It was a very beautiful building from outside, but remarkably uncomfortable inside. This table was bought as the chairman's table to fit in with the decor of the fine, gracious room in which the chairman had sat. And having a certain sentimental feeling, we've brought the table over to this new 34-story building of ours.

The table has no drawers. You don't need any, then?

No. I just get my secretary to bring anything urgent. Oh yes, I do have a drawer for my pipe cleaners!

Don't you have some special rugs here also?

Yes, there are some very fine Per-



The piazza of Britannic House is decorated with a 1911 wellhead from Iran's Masjid-i-Suliman field. It carried much of BP's first oil.

See London

sian carpets here and I've also got some good ones at home. They are a pleasant reminder of my years in Iran and the company's 60-year links with that country.

BP today probably means more to Britain than did the Hudson's Bay Co. or the East India Co. This must give you a deep feeling of pleasure.

I think anyone must derive pleasure from feeling that he has the responsibility for guiding affairs of a company which, I hope, is contributing not only to the well-being of this country, but to that of a good many other countries around the world. It makes up for all the disturbances and dashing around.

Tell us what, in your opinion, will happen in the oil industry if the Suez Canal is reopened?

Each year the canal remains closed it is a little less vital for our business. First of all, people are rather sick of planning their transportation around a facility which seems to be remarkably unreliable.

So the oil business has said, "Right,

there's only one thing to do. We must become independent of this canal, even if it means taking the stuff all the way around the south of Africa." And the oil industry has built 150 or more of these 200,000-ton-and-upwards tankers.

Admittedly two or three of them have had one or two nasty accidents recently, but anything one has new has to have the bugs ironed out.

So, broadly, we have based our transportation on not going through the canal, though there will be quite a lot of years ahead when it would still be economical to use it for smaller ships, or return the large ones empty through it.

What are BP's views on the growth of the size of tankers?

My own view is that there's got to be a pause now before people build bigger tankers.

I think everyone would be wise to stick to 250,000-ton vessels for the time being.

The graph of efficiency goes up rather sharply at first, as you build a new class of tankers. You get up to a high point.

Then, by going from a 250,000- to a 500,000-ton vessel, you don't get the same degree of increased efficiency as you did going from 100,000 to 250,000.

Briefly, what were your feelings last autumn during the U. S. Justice Department's antitrust claims regarding Sohio?

Obviously I wasn't particularly enthusiastic about some of the early announcements of the Department of Justice, and I went to see Mr. Mitchell, the Attorney General, to tell him so.

But we achieved a very satisfactory accommodation. I think that in business you have to learn to moderate any personal thoughts you have—take each problem as it comes along, quietly and calmly.

You also have to listen to those who advise you. I've got some rather good people for that, my colleagues here.

You don't feel the Justice Department was hitting at BP because it was not American?

No. I think there were all sorts of

considerations, though not everybody's as enthusiastic as I am about BP going into the States. But it was awfully impressive, the fine welcome we had from the Americans. I was very touched by it. My friends in the other big oil companies were magnificent.

Apart from being friendly, American companies felt our being in the United States would show the States wasn't a closed shop in which only they could operate.

And one reason American companies in Europe were extremely enthusiastic about BP not being denied access to the United States market was because so much of the European market has, in fact, been taken over by Americans.

American motorists love gimmicks, slogans and so forth. Does BP have a good supply of them?

You can bet your BP we have!

In all the other 79 countries we operate in we haven't been absolute slouches in developing marketing techniques. And I believe that we shall have quite a special impact



which will have a little different flavor.

What is the most promising and interesting piece of research you have going on now?

We always pride ourselves on being a jump ahead in virtually everything we tackle. We're building the first commercial plants to make protein from petroleum. I think it's very interesting and I hope it will be a useful contribution.

Would you discuss briefly the methods and meaning of financing expansion in North America?

Until 10 or 15 years ago we used to finance expansion out of profits. Well, that day is gone. Everyone says delightedly that they'll squeeze the oil companies so they only make a small profit.

But what they've forgotten is that we've got to have the money from somewhere. If we don't get it out of profits we've got to go to the money markets for it.

If I say here in London, "Well, look, BP wants an increase in capital, say 100 million pounds," they all start pricking up their ears and saying, "My God, where are we going to get that from?"

America, of course, is a bigger capital market. So there isn't the problem in America that there is in Europe. But it's already becoming quite a thing, raising the capital for expansion. For every extra barrel of petroleum you sell you've got to have ships, refineries, petrol pumps and all the rest of it, and someone's got to pay for them.

Do you expect to go to the money well in New York?

We certainly do.

For big money?

Yes.

END

REPRINTS of "Lessons of Leadership: Part LXII—Eric Drake of BP" may be obtained from Nation's Business, 1615 H St. N. W., Washington, D.C. 20006. Price: 1 to 49 copies, 35 cents each; 50 to 99, 30 cents each; 100 to 999, 17 cents each; 1,000 or more, 14 cents each. Please enclose remittance with order.

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sent to Denver co.
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Hal Krause, now 30, says an older businessman dispelled his fears of starting a company at such a young age with these words: "The number of times a man has seen the earth go around the sun has nothing to do with his ability to get the job done." Last year he started "Perception," a publication designed to elevate the public image of the American salesman. He also awards "Oscars of Salesmanship" to outstanding salesmen.

DYNAMIC GROWTH COMPANIES

American Salesmasters, Ltd.
Interior as well as exterior motivation

The young leaders of American Salesmasters, Ltd., headquartered in Denver, ascribe the firm's growing success to the fact that it practices what it preaches.

It is one of several companies in the business of motivating and teaching salesmen. American Salesmasters' own corps of salesmen are so charged-up and savvy that when they call on businessmen to sell the Salesmasters programs, each reportedly receives at least one job offer a day.

The firm was launched in 1964 by Harold A. "Hal" Krause, who was then a 23-year-old cookware salesman. It had a rocky start.

"The first year I made \$1,900 from Salesmasters and \$50,000 selling pots and pans at night," Mr. Krause recalls. But in two years the firm found itself.

American Salesmasters now has 83 employees and 30 branch offices in the United States and Canada.

The programs it offers have won it business from some of the country's largest firms, mostly in the insurance, real estate, banking and auto industries. It presently is running special programs for 600 salesmen from Northwestern Mutual Life Insurance Co. and 800 from Boise Cascade's property sales division.

Last year more than 15,000 sales organizations participated in Ameri-

can Salesmasters programs. Salesmen now are signing up for them at a rate of 5,000 per month, Mr. Krause reports.

The company's main services are its sales "congresses"; its magazine, *Perception*; its leadership sessions; its consultation projects and its cassette tape portfolios. A salesman can listen to the cassettes while shaving or while driving to see a customer. What he hears is a combination of motivation, inspiration and Americanism.

A sample is Dr. Norman Vincent Peale exclaiming: "I sometimes wonder what's come over the American people. We are the descendants of a great breed of men who had problems—and they had them aplenty. But did they whine and whimper and crawl through life on their hands and knees, piteously holding up their hands to some so-called benevolent government asking that they be taken care of? Not on your life. They took care of themselves and they built the greatest economy in the history of mankind!"

Mr. Krause's plans include building a new headquarters in Denver, establishing branches in South Africa and Australia and starting a "university of salesmanship."

He sums up: "I can't imagine anything being more fun than what we're doing."



Robert L. Albin, 29, is vice president of American Salesmasters. Like Mr. Krause, he worked his way through college by selling cookware, mostly to girl students. He and Mr. Krause own all the stock in American Salesmasters. Mr. Albin is constantly on the go, setting up branch offices and serving as master of ceremonies for the firm's sales congresses.



PHOTOS: JOHN GORDON—BLACK STAR



Sharon Freeland is coordinator of The Better Mousetrap, Inc., fastest growing division of American Salesmasters. It specializes in manufacturing and distributing tape recorders and cassette messages for salespeople all over the world. Mrs. Freeland here pulls out one of the firm's long-playing records, which it is phasing out in favor of cassette tapes. Most of American Salesmasters' motivational recordings use leading sales experts before live audiences. Better Mousetrap also tailors sales programs for individual firms, providing specially written work books and other sales training materials, as well as recruiting workshops and films.

continued on next page



American Salesmasters, Ltd.

continued

American Salesmasters is holding 35 leadership seminars and sales congresses all over the country this year. Salesmen by the thousands come to hear leading sales technicians and a variety of big name speakers including Olympic decathlon champion Bob Richards, news commentator Paul Harvey and Dr. Norman Vincent Peale.



Amigo & Co

*Also some
Big name
"leads"
and idation*

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Am



Marilyn Van Derbur, a former Miss America, gives salesmen at one congress a talk and song presentation entitled "Are You Willing to Pay the Price?" Below, sales champ and lecturer H. H. "Zig" Ziglar warns against being "SNHOPS" (susceptible to the negative influences of other people).



Sales and marketing consultant J. Douglas Edwards conducts a four-hour leadership session, heavy on how-to's. He examines such topics as strategy, involvement, communication, charisma and the use and misuse of power.



PHOTOS: EUGENE BATHORY—BLACK STAR

END

Do You Need a New Right Hand?

Executives don't pity themselves. They're very much inclined to accept things as they are, and to use everyday realities as the stuff out of which to create professional miracles.

But even the best executive, caught in the ordeal of multiple problems and pressing deadlines, is prompted to turn his eyes upward for a brief moment and wish for less pressure, more time—or another hand.

The fact is, there is a perfectly practical and proper remedy for Executive Work Crisis. True, the cure costs money. But used properly, the corrective—and we're talking about an assistant, a man or woman you add to your staff to back you up—can work wonders. With a capable assistant at your elbow, the following things can go zooming upward:

- Your efficiency.
- Your peace of mind.
- Your standing in your company and profession.

The following tend to nosedive: Headaches, instances of failure or incomplete success, the panting you do to keep up with job responsibilities.

"Okay," you may say, "if having an assistant is such an unmitigated blessing, how come many executives, who could have them, don't? And how many who do, wish they hadn't—because the assistants become more of a problem than a solution?"

On both points: *Touché*. To be realistic, it must be said that while an executive's right-hand man can be a significant factor in the executive's job accomplish-

AUREN URIS, author of this article, is an official of The Research Institute of America, Inc.



ment, he can also become a supervisory problem. Or even worse, an abrasive competitor.

But these dire results only mean that a force for good has gotten out of hand. It's the executive who doesn't understand how to work with an assistant who ruins a good thing. The manager who develops the know-how for working constructively with an assistant reaps tremendous benefits, in terms of job performance and professional progress.

Many failures are caused long before the assistant is even put into the job. You must go through four preliminary steps to foster an effective executive-assistant team:

- You must think about your job. Be specific. Pin down its elements:

What do you *do*? (On what activities do you spend major amounts of time?) For what are you *responsible*? (Operationally, what activities do you supervise, report to your superior about?) What are the gray areas? (Most executive jobs get fuzzy at the edges, include elements that may overlap that of other managers, or for which your responsibility is unclear.) What are the future areas? (Most executive jobs have a future—areas into which your interest, responsibility and activity will one day spread.)

Having thought through points like these, you are now in a position to make the next consideration.

- Think about the assistant's job. First, make sure there *is* a job, a responsibility you can extract from your duties that will have its own rationale and logical design. You don't want to hand over bits and pieces of tasks. You shouldn't want to use your assistant simply as a human backstop or emergency resource. The major

difference between his job and anybody else's is that the elements of his job are closely related to yours. To make sure your planning is on the right track, check his job content for items like these:

One, or at most two, major responsibilities—lines of activity that represent the core of a balanced pattern.

A group of secondary responsibilities that will add variety and room for growth.

Clear lines of relationship not only to you but to others in the organization with whom you do come in contact.

Especially important are the lines of authority involved in his contact with others. For example, if he has supervisory authority over one or more people, both he and they should be aware of this fact.

- You must think about yourself. What kind of a direct superior do you make? Do you want an assistant who can back you up in taking care of details and routine? Or are you the type who will help an assistant grow so he can take over some of the less routine parts of your job?

- Think of the spectrum of possible assistants.

What kind of individual do you like to have working with you? Do you like people of high levels of initiative and creativity, or do you prefer those who are more methodical? Or do you prefer an individual with an analytical type of mind?

Think of the young people you've seen in work situations around you. Try to analyze the reasons why you approve of some and disapprove of others. The more realistic these appraisals, the better you'll be able to do in your selection of an assistant.

Once you've given due thought to the preliminary



matters mentioned above, you're ready to forge a strong executive-assistant team. Twelve guidelines help you set a course that brings you the benefits, avoids the pitfalls.

1. Select for compatibility. Regardless of what other considerations you may have, the key to the success of your two-man team is your ability to get along with each other. In making a final selection, ask these questions: "Do I like this man personally? Does he seem to like me?" The element you're evaluating here is that of rapport, the quality of mutuality that is essential to effectiveness in this situation.

2. Set the stage. When you start your assistant on the job, give him the big picture. Tell him how you see the job in terms of over-all objectives. Make clear to him in broad outline what his job activities are, how you see your joint objectives, and so on.

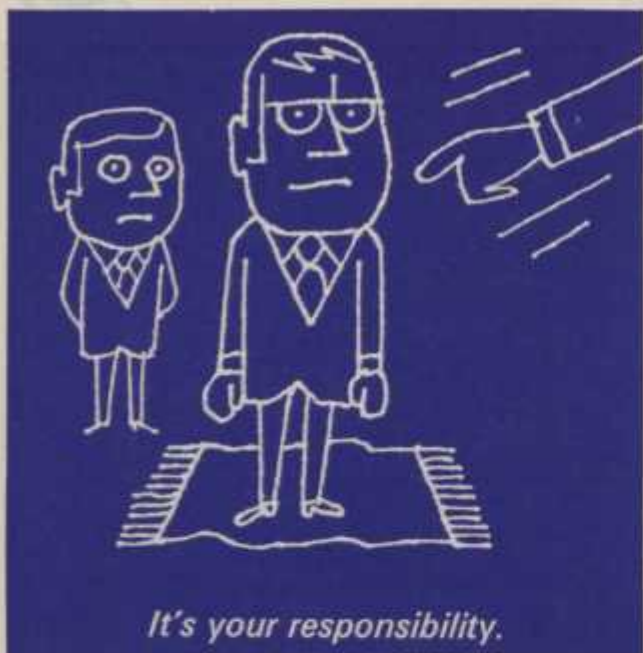
3. Arrange for routine and emergency communication channels. Both types of contact are important. Even if there is no operational need for communication, it's nevertheless desirable to get together with your assistant for minimal contact. At the very least, a one-hour-a-week review of his activities, his problems, his planning, is necessary. And emergency channels should be available for urgent matters.

4. Don't treat him like a high-powered secretary. Occasionally an executive, failing to think through the basic nature of his assistant's job, uses him as a combination messenger boy and secretary.

If that's all the executive requires, then all he needs



Do You Need a New Right Hand? *continued*



is a secretary. In other words, you gain the full benefit of an assistant when you use him in the particular ways and areas appropriate to his job. Remember that the basic criterion you are using is this: You must unload on him some of the activities that rest on your shoulders.

5. Clarify your feelings about the "yes man," "no man" dilemma. By now the typical executive is aware of the danger of having an assistant who yesses him on every point. There has been a tendency in recent years to tout the desirability of a "no man" assistant, an individual who takes issue with you frequently and vigorously.

Actually, one's as bad as the other. Open discussion certainly, argument from time to time; but the assistant who feels a major part of his contribution is to challenge you, second-guess you, in effect constantly "keep you on your toes" is going to be more of a problem than a solution.

Clearly the middle course is best—the assistant who makes clear his approval when he approves, who voices his objections to your ideas or decisions when he has them. Lack of freedom to agree or disagree deprives you of the benefit of dependable and uninfluenced opinion.

6. Don't let him see the job as merely a stepping-stone. This does not mean that, in fact, the job may not be one for him. But if your assistant is so fascinated by the opportunities ahead that he slights the challenges he currently faces, and does less than justice to your needs, you're losing some of the important benefits of having an assistant.

It's important that executives be realistic on this point. It's expecting too much of an ambitious young assistant to have him bury himself in tasks to which he can't commit himself completely. However, you can

put a firm foundation under his efforts by stressing a completely realistic and acceptable idea: "Jim, we both realize you're slated for bigger things in the future. Nevertheless, you owe it both to yourself and to me to perform in your present job to the best of your ability. This is what I expect of you until the day you change your job assignment."

7. Back him up. To some extent, an assistant can't be "his own man." The very nature of his job stresses his dependency. Because of this fact, you must take pains to buttress him and his independence, both in his own eyes as well as in the eyes of others in your organization.

You should be alert for any belittling of his status and his authority. If this happens, make the point unequivocally.

Perhaps to a colleague: "Mr. Smith, I've given that responsibility to my assistant. I'd appreciate it if you'd work directly with him." Or where one of your staff may try to bypass him: "Mary, I'd like to discuss the question you're bringing up, but as you know, my assistant is in charge of that matter. I'm sure he'll be able to give you full satisfaction."

Reinforce his sense of independence vis-a-vis yourself both implicitly and explicitly. Make it clear by the way you give him assignments and the way you want him to report back to you. In assigning him a job to handle, you might say, "Jim, I'm putting this matter completely in your hands. Feel free to check with me if any special problems arise. Otherwise all I want to know is the final disposition you make of the matter."

8. Know what not to delegate. In making assignments to their assistants, effective executives have learned there are certain danger areas to avoid. For example:

- The hot potato.

Don't pass along to your assistant a problem that's





The Civil War isn't all that started in Charleston. South Carolina did too.

With all the things that happened in Charleston in 1861, it's sometimes easy to forget all the things that happened in Charleston in 1670.

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And Charleston isn't the only place in South Carolina where you can see a lot of history this year. In Columbia, at the Midlands Exposition Park, the emphasis is on South Carolina's second century. And the Piedmont Exposition Park in Greenville focuses on South Carolina from 1870 on into the future.

As bankers who share 136 years of

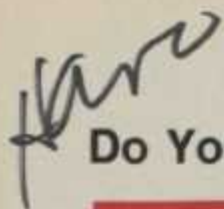
South Carolina history, we at SCN don't intend to miss any of South Carolina's historic Tricentennial Celebration. We hope you'll visit our state and celebrate with us.

After all, it's not just South Carolina's past we're celebrating. It's America's past, too. And it stands to reason that the more we all know about it, the better we'll all be able to understand the future.

And the way we see it, more understanding is something all of us could use.

South Carolina National

Bankers who know the value of history.



Do You Need a New Right Hand? *continued*



so delicate or so explosive that you are in doubt as to how to handle it.

Of course, if such a problem does exist, you might join forces, discuss the problem with him and get his help in tending a solution.

- Full responsibility.

In the final analysis, responsibility for his performance rests with you. While you can hold him accountable for what he does in your reporting up the line, you cannot unload the blame for unsatisfactory performance.

- Authority.

There are certain areas of authority which executives must retain for themselves. These may vary from one executive to the next. In one case, for example, an executive will retain the authority to discipline subordinates, making sure his assistant understands this fact.

9. Develop his capabilities.

Any assistant, but particularly a younger person, should want to have a feeling of growth and forward movement in his job. Help him develop in directions and at a pace that you feel are suited to his capabilities.

You may have growth objectives for him that you want to tell him about. Or you may have goals you don't want to divulge, temporarily. But have a clear picture of the directions in which he can expand his skills. Where it will be helpful, discuss the goals with him.

10. Evaluate him on a continuing basis.

Whether you do it formally or informally, assess his strong and weak points. Back up your impressions by referring to specific performance.

If you feel he does a good job of writing a report, reread it one or two times to see whether your feeling

is borne out by fact. And where you think he's been weak, again check the facts.

For example, you may feel your assistant isn't thorough enough in his work planning. Go into specifics, such as a particular job that required some preparation. How well did he organize his resources? How wisely did he set deadlines? How close did his performance come to expectation?

11. Pay attention to the "psychic" quality of the relationship.

You may have many objective measures by which you can assess his job performance. But above and beyond these there is a subjective aspect of your relationship that's worth considering. Do you enjoy working with your assistant? Are you getting satisfaction out of the feeling that you're training a good man? And are you learning from the relationship?

12. Consider the future.

After you've worked with an assistant for a while, you should ask yourself two related questions: "How's his future?" And, "How's my future?"

If your relationship has been productive, the answer to the first question should be "Bright," and the answer to the second should be "Brighter."

Of course, these aren't the kind of questions you raise only once. What's suggested here is a broad assessment in which specifics of job performance, acceptance of responsibility, success in specific projects, are subordinated to an overview that gives you an important final answer.

As an ultimate goal you may want to consider to what extent you will turn over your job to your assistant.

Obviously this is less a problem of procedure than it is one of emotion. For some executives the idea of training an assistant to take over one's job will be unacceptable.

Nevertheless, the more your assistant can relieve you of, the freer you will be to develop your own job and career interests. To some extent, you grow in your job as he grows in his.

If it is within your leadership style, you may want to begin with the understanding that you're training him to master the major part of your job. This requires a high degree of openness, retention by the executive of a minimum number of secrets.

One guiding factor here is your assistant's ability to absorb the ideas and information he must have, to master the challenges he will face and to develop the sense of responsibility to wield the power you're placing in his hands. How quickly this proceeds depends on the trust you develop in one another. **END**

REPRINTS of "Do You Need a New Right Hand?" may be obtained from *Nation's Business*, 1615 H St. N. W., Washington, D. C. 20006. Price: 1 to 49 copies, 35 cents each; 50 to 99, 30 cents each; 100 to 999, 17 cents each; 1,000 or more, 14 cents each. Please enclose remittance with order.

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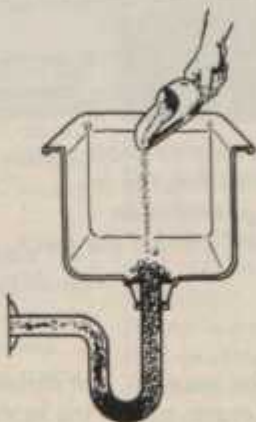
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You Can Stall Car and Truck Thieves

Handwritten signature



PHOTO: MICHAEL A. WOODLOR

One recommended way to help valuable cargo reach its destination—and perhaps to lay hijackers low—is to have guards in an unmarked car “ride shotgun” behind the truck.

America, the land of the superlative, may be about to reach new heights in an area where it would prefer to be more laggard.

This may be the first year in which one million or more autos are stolen.

Attacks on vehicles and their contents are at an all-time high. It's a form of crime that's growing faster than nearly all other categories.

The cost is heavy.

The annual tab for auto thefts is well over \$500 million. True, more than three quarters of all stolen cars are recovered, but when they are, they frequently turn out to be damaged. The National Automobile Theft Bureau reports the accident rate for stolen cars is no less than 200 times the norm.

As for trucks, more than \$600 million in goods and cash will be hijacked

or stolen from them this year, according to expert estimates.

In Detroit, holdups of truck drivers who collect cash in addition to making deliveries have become so common that small safes which the drivers can't open have been welded or bolted onto the trucks. It's a parallel to what's happened on bus lines in many cities, where exact fares are required and dropped into registers for which drivers have no keys.

Other counterattacks against vehicular crime also are under way.

Insurers are mounting advertising campaigns to motivate owners to remove ignition keys and lock their vehicles after parking them. Hopefully, the campaigns will change two infuriating statistics: 75 per cent of all stolen cars were not locked; 42 per cent had the ignition keys in place.

Meanwhile, the steering locks now required on all new cars registered in the U. S. have begun to deter thefts. Early reports indicate 14 per cent fewer thefts of cars equipped with the locks.

Unfortunately, the locks are effective only against amateur thieves—mostly teen-agers, who account for half of all car thefts. The professionals have found ways to quickly steal cars despite the locked steering wheels.

Special steps

Businessmen can take special steps to protect their valuable vehicles and their often more valuable contents.

The familiar truck alarm still makes sense—and earns insurance discounts.

About 20,000 trucks and trailers in the U. S. are equipped with alarms that sound if the cargo doors are forced. Some carry additional protection: The alarm sounds if the doors to the driver's compartment are forced, or if the ignition is jumped.

Such alarm systems have been installed in about 2,000 salesmen's autos. The systems usually are leased at \$100 per year (installation is about \$100).

A new system, the Excello Lok-alarm, offers an added useful feature. If the cargo door is forced more than a fraction of an inch, dead bolts slide into place as the alarm sounds. This battery-powered system sells for about \$250 per unit with one cargo door, and \$50 extra for each extra cargo door.

The truck alarm has been scaled down for use in cars. For a cost of as little as \$14 for a horn-blowing lash-up you install yourself to \$100 for a siren-sounding system installed by an expert, you can protect company cars (or your own) at three points: doors, trunk and hood.

Lesser deterrents include special locks for wheels, hood, battery or tape deck.

Sad "insider" story

Truck and car alarms deter the "outsider." But the "insider" exacts a far higher toll, say the experts. Criminally minded insiders, or those who owe favors to criminals, operate in two ways: They simply pilfer from truck cargoes, or they "finger" valuable cargoes for hijackers.

Careful checking before hiring is the most effective weapon against the criminal "infiltrator," says Mark Lawless, security director for the big A-P-A Transport Corp. Since he instituted a system of fingerprinting and photographing all prospective employees (to be checked against files of known criminals or strongly suspect persons), A-P-A has suffered far lower losses.

Ex-FBI-special-agent Lawless and others charged with the tough job of protecting over-the-road cargoes offer other recommendations:

- Take special measures for high-value cargoes, such as scheduling the units to arrive at their destinations in time to be unloaded quickly (trailers stuffed with valuable merchandise and parked overnight are a tempting target).
- Have guards in unmarked cars "ride shotgun" behind trucks with high-value cargoes.
- Park such trucks and trailers in special terminal areas, often blocked off by other parked vehicles.
- Make sure that all cargoes are accurately counted at loading and unloading time to deter pilferage. Often the only ones who know where to dispose of specialized cargo such as metals, components and unfinished materials are company employees.

• Install good, high fences around terminals and shipping areas to keep employees from handing or tossing valuable merchandise to confederates.

Business can help cut down on vehicle losses in another important way—by supporting legislation that could cut losses sharply. Recommended have been:

- Vehicle title laws in those few states where proper titles are not now required. Recoveries of stolen vehicles run about 86 per cent in states that require sellers to show titles to vehicles; only 50 per cent in those few states without such laws.
 - Federal legislation requiring a lifetime identification number for each vehicle which would be used on all papers associated with the vehicle. This would simplify tracking of stolen vehicles.
 - Federal and state legislation requiring that all trucks and trailers be marked prominently and uniformly with their identification numbers, a great help in spotting hijacked units.
 - Legislation permitting judges to withhold bail for criminals who are likely to commit other serious crimes while awaiting trial.
- Mark Lawless claims that small bands of hijackers, totalling perhaps 70 to 80 men in New York City and only 30 to 40 in New Jersey, account for most hijackings in those areas, committing many while they are out on bail for previous hijackings. No bail for repeat hijackers, he says, would cut hijacking sharply.

New technology

New ways to protect vehicles are on the drawing boards. For instance, the Hazeltine Corp. has developed out of its radar experience a system of pinpointing the location of hundreds or even thousands of vehicles

equipped with "transponders," electronic echo sounders that respond automatically when polled from a central transmitter.

Conceived to keep track of police cars and buses, the system is now promoted as a means of keeping track of trucks loaded with valuable cargo.

The cost is high—about \$1,000 per vehicle. The present concept, however, is "first generation." In electronics, succeeding generations often are marketed at fractions of the cost of their technical ancestors.

In the New York metropolitan area, truckers for two years have been banded together in a program called Operation Alert, in which company dispatchers describe hijacked vehicles to their own drivers, and then pass on the information to other firms' dispatchers.

The program has not been a success, so the truckers are considering a significant improvement. An electronic black box has been developed that enables a single dispatcher to call all radio-equipped units within range.

Attaching this \$200 accessory to all transmitters owned by cooperating truckers would not only eliminate dependence on dispatchers busy with their own companies' problems, but would gain the most essential element in deterring loss via hijackings—time. One expert says that any time a hijacked truck or trailer is not recovered in an hour, it will be empty when it's found.

Effective new ways to protect vehicles and their contents are here or coming. Yet the potential benefit of these techniques—electronic or otherwise—wouldn't match the benefits of some common sense plus a bit of self-discipline on the part of your employees and yourself when leaving a vehicle. Just remove the ignition key and lock up!

END

A Salesman Runs a Bank *continued*

port sales to the free world, and Mr. Kearns says that for years it played a useful but relatively minor part.

"After World War II, world trade was a magnificent seller's market for American firms," he says.

"By 1957, things had changed. Both Europe and Japan were back on their feet. But U. S. exporters still had one big jump on their competitors—the ability to offer highly attractive financing.

"Eximbank had two main things to do.

"One was to provide long-term financing for the sale of large industrial equipment, like electric power plants, industrial machinery, locomotives, jet aircraft. Banks couldn't handle this. We could—and did.

"Second was to insure U. S. sellers against some political or economic upheaval abroad. Eximbank and the Foreign Credit Insurance Association, 50 stock and mutual insurance companies operating as an underwriting association, did that."

Basically, Eximbank makes loans, guarantees them or insures them, Mr. Kearns explains. Its insurance covers "political risks" while FCIA's covers commercial risks.

By law, Eximbank can give credit to an exporter only when it's not available from private sources.

Paying its own way

"We have approval to extend credit at 6 per cent," says Mr. Kearns. "We subsidize that low rate out of our earnings. The bank has \$2.25 billion in reserves. They generate a substantial income.

"Not a dime of the taxpayer's money goes to support the bank. We support ourselves. In fact, we turn over \$50 million a year to the Treasury out of our earnings."

By taking the risk out of selling abroad, Eximbank and FCIA encouraged many Americans to try it for the first time—or on a big scale.

Like the Arkansas Grain Corp.

"In the early 1960's," says Marvin Baden, credit manager, "we were selling some soybeans abroad, maybe \$10,000 to \$25,000 a year. We used to sell only on letters of credit. That's cash on the barrelhead. It's quicker than C.O.D. The buyer actually pays for his shipment before it arrives.

"But letters of credit take a lot of

paper work. And some buyers, naturally, don't like it. Then we started to do business through Eximbank and FCIA. They insure us against political and commercial risk, at an acceptable premium.

"Now we export \$70 million to \$100 million a year—in big orders that might run \$800,000 to \$900,000.

"In May, 1968, we kept two chartered ships anchored off Brest, with \$3.5 million worth of our soybeans aboard. Student riots were rocking France. The banks were closed. The franc was frozen. But we weren't worried. We were covered.

"We wouldn't take risks like that on our own."

More trade aid

Since 1968, four new developments have made Eximbank's participation even more essential to U. S. export trade, Mr. Kearns says.

"One," he says, "is a great shortage of credit to finance exports.

"Two, every other major trading nation has set up a government-sponsored facility to finance exporters at favorable rates.

"Three, world trade, like domestic, has moved toward credit buying.

"Four, more and more of U. S. exports are higher priced capital equipment that requires large outlays of money on long terms."

Since its founding, Eximbank has financed over \$30 billion in U. S. exports. That averages out at less than \$1 billion a year—a small part of total U. S. sales abroad, which now run about \$35 billion annually.

"If we're to solve our balance of payments crisis," Mr. Kearns says, "we'll have to up sales to about \$50 billion a year. To reach that goal, Eximbank will have to play a bigger role than it has in the past.

"Last year, when President Nixon gave me this job, he gave me a specific target. 'By 1972,' he said, 'we want you to boost Eximbank-assisted exports to \$10 billion.'"

That would be about one fifth of all U. S. export sales. In 1969, Eximbank's total was \$2.9 billion. Hence, the White House edict calls for tripling that figure.

He's out selling

Banker Kearns doesn't wait for business to walk in the door. He goes

after it. He's at his desk daily by 7 a.m. Except in bad weather, he walks the four miles from his suburban Spring Valley home to his downtown office. Eximbank is across the street from Lafayette Park, a block from the White House.

Mr. Kearns dictates 50 to 75 letters a day, mostly pushing exports or Eximbank's services. He travels thousands of miles yearly, on the same mission.

In his first full year as head of Eximbank, fiscal 1970, he has boosted Eximbank-aided exports to \$5 billion.

"We're happy with the job Henry Kearns is doing at the Eximbank," says Roger Williams, vice president and treasurer, General Telephone & Electronics International, Inc.

"The bank's financing has made us the world's leading supplier of communication satellite earth stations. The problems we have had at the bank are largely those resulting from budgetary restraints."

Other businessmen who deal with Eximbank echo that praise.

Although he wears a banker's hat, at heart Mr. Kearns is a salesman. Early in his business career, he was a California car dealer. Then he was a real estate developer and a citrus ranch owner.

Later, he came to Washington to serve President Eisenhower as Assistant Secretary of Commerce for International Trade, and he launched many programs the Commerce Department still uses today to promote sale of U. S. products abroad.

"We have 23 new or revised programs at Eximbank," Mr. Kearns says. "Three have the greatest potential, I believe.

"One is so-called participation financing. In the past, Eximbank would lend an exporter the full amount of credit he needed from our own resources.

"Now we finance only half the loan, and provide our political risk guarantee for money to be supplied by private banks.

"This makes our money go further. And it cuts the total interest rate down to a competitive level.

"Here's a hypothetical example.

"Balustravia wants to build a petrochemical complex. It will cost \$70 million. Local costs come to \$30 million. But about \$40 million will be

Photo ret'd 7/20/70



Yasuhiko Yasuda, president, Okura Trading Co. Ltd., and Mr. Kearns discuss export of U. S. machinery.

spent on equipment—like compressors and boilers—and on engineering services. A U. S. firm bids for the contract. With our help, it offers terms of 10 per cent down in cash, or \$4 million.

"The other \$36 million is covered by a 10-year loan. Eximbank finances half of it at 6 per cent, payable in the last five years on the loan. A commercial bank lends the remaining \$18 million at 9½ per cent, to be paid off in the first five years.

"The result: An effective rate of 6.9 per cent.

"The American firm will get \$40 million worth of business—for \$18 million in Eximbank credit."

For the medium term

The participation financing program is for long-term loans, Mr. Kearns notes. Another program he considers to have great potential, Eximbank's discount operation, helps solve the need for medium-term credit—one to five years.

"A U. S. manufacturer can make a sale, say, of office machines and printing equipment to an overseas buyer," Mr. Kearns explains. "But the buyer wants terms—so much down, and two years to pay the rest. He's willing to pay the current rate, maybe 10 per cent.

"The U. S. exporter goes to his bank to see if he can get the deal financed. But money's tight, and the bank is reluctant to tie up a lot of cash for that long.

"That's where our discount program comes in.

"We tell this to all the commercial banks: 'If it's a good loan, go ahead and make it. If, at any time, you need cash, we'll lend you what you loaned the exporter. We'll charge you 1 per cent less interest than you charged him.'"

"We've made more than \$500 million in these commitments. The banks have drawn down only \$100 million so far but we expect the balance and more to be used, and we have clear evidence that more hundreds of millions of dollars have been made available to exporters now that banks know the money will be there when they need it."

The third new program with greatest potential, Mr. Kearns says, is one in which Eximbank will give an American company a firm commitment on terms it can offer to finance a sale overseas. The commitment is given quickly—usually within two weeks of the request.

"We started this in February, 1970," Mr. Kearns says. "Already we have applications for more than \$2.5 billion of advance commitments. By fall, we'll be getting applications at the rate of \$1 billion a month.

"Not all of them will result in a sale, of course. But each means an American firm got a chance to compete for a sale—on an equal basis.

"As time goes on, this will be the heart of Eximbank's operation."

Bolstered insurance

Other tools the bank has developed to help American firms sell more

abroad include expansion and improvement of the insurance program it runs with FCIA, Mr. Kearns says.

Raytheon Co., which often works closely with Eximbank, offers an example of the program's effectiveness.

"We made a \$500,000 sale about four years ago, before the big Arab-Israeli war, to an Egyptian firm," says William Charpentier, manager, international credit financing. "It was equipment for a TV tube production line.

"The buyer paid part in cash. Eximbank guaranteed 70 per cent of the outstanding balance—\$145,000. We carried the other \$35,000.

"Then the firm welshed on the debt.

"Eximbank promptly paid us our \$110,000. Later, it was able to collect in full, where we couldn't. It has a lot more leverage; it represents Uncle Sam.

"Then we got the final \$35,000.

"It was the kind of sale we would never have been willing to make without Eximbank guarantees."

This illustrates a point Mr. Kearns emphasizes.

"While all our loans are to the buyer," he says, "all our money is disbursed in the United States—to the U. S. exporter.

"We, in turn, are paid by the overseas customer. He pays us in U. S. dollars. Any sale aided by us results in a net inflow of dollars into this country."

Washington could do more to get the red ink out of America's lopsided trade balance, he feels.

"I'd like to see the voluntary foreign credit restraints lifted from commercial banks," he says. "If they were, banks could lend more. And we work with them. We're partners, not competitors.

"Also we'd like Congress to get us out from under the budget. Then each year we'd submit to Congress a proposal to borrow the money we need to help finance U. S. exports.

"We don't want unlimited lending power—just what Congress would allow annually to meet export needs. Now, no matter what we're authorized, the ceiling on our next budget outlays limits our disbursements.

"What we've been told now is 'You can go swimming, but don't go near the water.'"

END



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THIS MONTH'S GUEST ECONOMIST

A. G. Matamoros
Vice President
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Armstrong Cork Co.



Mark

WHAT HANGS IN BALANCE ON BUDGETS?

The frustration which arises from any attempt to frame a simple answer to a complex economic question reaches maximum intensity when one grapples with the implications of the federal budget. The widely and easily held view that a budget deficit stimulates the economy, while a surplus restricts it, is neither neatly true nor false.

Does the budget influence general business performance? Certainly, but not always in the same manner and to the same degree. Is a surplus good and a deficit bad? Sometimes yes, sometimes no.

The succession of small annual budget deficits during the Thirties, when in one year (1933) unemployment approached 25 per cent of the labor force, was of scant help in lifting the economy (and the price level) from stagnation. And yet, the \$25 billion deficit in fiscal 1968, when our labor force was fully employed, contributed to intolerable inflation.

Moreover, the budget itself is, in turn, influenced by changes in the pattern and level of over-all economic activity. On the federal expenditure side, for example, unemployment compensation falls as economic activity rises. And tax revenues increase with expanding personal incomes and corporate profits. Economists have referred to such influences as "built-in stabilizers."

Since mid-1965, business and the general public have been hit hard by sharply rising costs and prices. The weight of evidence places a substantial portion of the blame on faulty fiscal policies which led to federal deficits in the fiscal years

1966, 1967 and 1968. Between July 1, 1965—following the decisions simultaneously to increase our nation's commitment in Southeast Asia as well as to implement Great Society programs—and July 1, 1968, the cumulative imbalance in the unified federal budget approached \$38 billion.

It was not sharply rising military outlays alone that led to our deficits in those years. Whereas Defense Department spending rose \$23.2 billion or 43 per cent, spending by the Department of Health, Education and Welfare climbed some \$12.6 billion, or 45 per cent.

While each individual will have his own opinion on what our national priorities ought to have been, most will agree that against the background of an unemployment rate that averaged less than 4 per cent, some offset in the form of higher taxes, and reduced expenditures outside the military and welfare fields, should have been aggressively sought. Indeed, if the President, in January, 1966, had made an urgent appeal to American patriotism, calling on the people to share some of the burden of prosecuting the war in Viet Nam, the Treasury's subsequent demands on the money market would have been lightened, the potential for monetary policy error would have been reduced and, most importantly, prices and interest rates today would be at more acceptable levels.

The President chose not to press for budget balance. As a consequence, the Treasury, between July 1, 1966, and June 30, 1968, went to the market for almost \$30 billion at a time when private demands for credit

were sharply accelerating in response partly to rising federal spending.

The burden placed on the monetary authorities to help accommodate the Treasury's needs and, at the same time, to try to contain inflation, proved unbearable. Monetary policy alone could not be expected to hold back the rising price tide. On-again, off-again policies of the Federal Reserve have only made a bad situation worse.

Up to this point, this column has tried to suggest that the effects of budgetary deficits on the economy will vary with the degree of resource utilization in the periods when the deficits are incurred, as well as with the deficits' sizes. What has been the impact on general business of budget surpluses?

Generally speaking, the quick answer is, again, "It depends." It should be noted that of the 41 calendar years from 1929 through 1969, only 12 have shown a budget surplus. Since World War II, there have been three periods when back-to-back calendar-year surpluses were recorded—1946-1948, 1950 and 1951, and 1955-1957. The first and third periods were followed by recession years (1949 and 1958). Heavy expenditures for the Korean War distorted 1952 and 1953.

If changes in the money supply can be taken as an indication of Federal Reserve policy, then the turn in the business cycle in 1948 and again in 1957 occurred in an atmosphere of restriction. The most recent officially designated recession, represented by a cyclical peak attained in 1960 and a bottom in 1961, also bore the marks of the effect of an earlier budget surplus and declining money supply.

Can the changes in business conditions during those periods be associated with shifts in fiscal policy, monetary policy, or both? Competent scholars have argued on different sides of the question.

If recent history does not lead to clear and simple conclusions regarding the impact on the economy of deficits and surpluses in the federal budget, it is no help at all in assessing the influence of a balanced budget. Since the end of World War II, there has not been a single year when the budget has been pre-

cisely balanced. Nor is neat, year-after-year budget balance a realistic or necessarily desirable goal.

What we should work toward is more even-handed fiscal policy and, in the words of Dr. Herbert Stein, a member of President Nixon's Council of Economic Advisers, "try to avoid large swings in the budget surplus or deficit."

We should also try to avoid labeling a particular budget surplus or deficit as good, bad, stimulative or restrictive. The surplus recorded in fiscal 1960, small as it was, was entirely inappropriate at a time when monetary policy was restrictive and unemployment had averaged more than 5½ per cent of the civilian labor force in the two preceding years.

Even more calamitous, of course, was the \$25 billion deficit of fiscal 1968. While the \$3 billion surplus in the following year was a token step in the right direction, its potentially salutary effect was offset by misguided monetary policy early in the period.

A budget deficit seems likely in fiscal 1971—more as the result of a shortfall in revenues than an increase in outlays for goods and services. On this basis, and within the framework of an economy operating at less than full employment, it should not add significantly to inflationary pressures.

If experience with the federal budget has taught us anything, it is, first, that fiscal policy is most effective in influencing longer-term developments, as witness the stimulus to growth imparted during the first half of the Sixties by the incentives contained in legislation providing for accelerated depreciation, an investment tax credit and reduced corporate tax rates.

The second lesson we have learned, hopefully, is that the budget is not a very effective contracyclical device—that is, it is not an efficient short-run tool for the application of national economic policy to business.

Finally, unless our federal budgets are balanced *over the course* of the business cycle, with surpluses in full employment years approximately offsetting deficits in poorer business years, we cannot expect to bring inflation under control.

Where The Action Is



A growing number of trade and professional associations are conducting and developing programs to deal head-on with a variety of socio-economic problems. They are involved not only as a contribution to society, but because it is good business to do so.

They are tapping the expertise, resources and leadership of their members to make a substantial impact in such key areas as consumer relations, crime prevention, housing, education, pollution control, health, community development, manpower training, and minority enterprise.

Make sure you're a part of this effort. Get involved! Contact your trade or professional association.

Your association is where the action is!

Pointers For Progress

through trade and professional associations

EDITORIAL

ARMAGEDDON?

Those who tell us day after day that Armageddon is here, and that the world will stop tomorrow, completely miss the main message of American life today.

The real news in America is not that our problems are complex and have multiplied, but rather that our sensitivity to these problems is greater now than at any time in the long history of man.

This is enormous progress, for every problem solver knows that quantifying the problem, and recognizing it for what it is, is often half the battle.

One grows weary of strident voices whose owners' ignorance of the past is matched only by the extravagance of their language. Our generation, like each one before it, has made mistakes, but at least we are facing the major problems of our time with candor and energy. Our record is not that bad.

Recently a historian at the University of Montana, K. Ross Toole, said he was "tired of the tyranny of spoiled brats" and wrote:

"My generation has made America the most affluent country on earth. It has tackled, head-on, a racial problem which no nation on earth in the history of mankind had dared to do. It has publicly declared war on poverty and it has gone to the moon; it has desegregated schools and abolished polio; it has presided over the beginning of what is probably the greatest social and economic revolution in man's history.

"It has begun these things, not finished them. It has declared itself, and committed itself, and taxed itself and damn near run itself into the ground in the cause of social justice and reform."

This is not a message of despair, but of hope and achievement. It is a record of sensitivity to our environment of a magnitude never before achieved.

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